

Calendar No. 311

99TH CONGRESS }
1st Session

SENATE

{ REPORT
99-137

AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES APPROPRIATION BILL, 1986

SEPTEMBER 24 (legislative day, SEPTEMBER 23), 1985.—Ordered to be printed

Mr. COCHRAN, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H.R. 3037]

The Committee on Appropriations, to which was referred the bill (H.R. 3037) making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1986, and for other purposes, reports the same to the Senate with various amendments and presents herewith an explanation of the contents of the bill.

AMOUNT IN NEW BUDGET (OBLIGATIONAL) AUTHORITY, FISCAL YEAR 1986

Amount of bill as passed by the House.....	\$33,120,901,000
Amount of change by Senate Committee.....	8,272,282,000
Amount of bill as reported to Senate	24,848,619,000
Amount of 1985 appropriations acts to date.....	38,261,575,000
Amount of estimates, 1986	23,836,977,000
The bill as reported to the Senate:	
Under the appropriations provided in 1985.....	13,412,956,000
Over the estimates for 1986	1,011,642,000
Under the House bill	8,272,282,000

BREAKDOWN BY TITLE

The amounts of obligational authority for each of the five titles contained in the House bill for fiscal year 1986, compared with the Committee recommendations, are shown in the following table. A detailed tabulation, showing comparisons, appears at the end of this report. Recommendations for individual appropriation items, projects and activities are carried in this report under the appropriate item headings.

	1985 enacted	1986 House bill	1986 Committee recommendation
Title I: Agricultural programs.....	\$14,953,767,000	\$11,578,071,000	\$2,533,418,000
Title II: Rural development and assistance programs.....	4,908,404,000	4,853,604,000	5,609,309,000
Title III: Domestic food programs.....	15,899,501,000	14,846,638,000	14,853,239,000
Title IV: International programs.....	2,057,660,000	1,394,464,000	1,400,964,000
Title V: Related agencies.....	442,243,000	448,124,000	451,689,000
Total, new budget (obligational) authority....	38,261,575,000	33,120,901,000	24,848,619,000
Transfers from section 32.....	2,335,964,000	3,277,785,000	3,277,785,000
Total obligational authority.....	40,597,539,000	36,398,686,000	28,126,404,000

COMPLIANCE WITH SECTION 308 OF THE BUDGET CONTROL ACT

Section 308(a) of the Budget Control Act (Public Law 93-344) requires that this Committee include in its report specific budgetary information on the status of recommended appropriations relative to the First Concurrent Resolution. The following table provides these data:

BUDGETARY IMPACT OF THE BILL

PREPARED BY THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC. 308(a),
PUBLIC LAW 93-344

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1986: Subcommittee on Agriculture, Rural Development and Related Agencies.....	NA	¹ 28,212	NA	¹ 25,228
Projections of outlays associated with budget authority recommended in the bill:				
1986.....				¹ 23,047
1987.....				1,629
1988.....				156
1989.....				52
1990 and future year.....				42
Financial assistance to State and local governments for 1986 in the bill.....		8,247		7,636

¹Excluding permanent appropriation.

²Includes outlays from prior-year budget authority.

³Excludes outlays from prior-year budget authority.

NA: Not applicable.

CONTENTS

SUMMARY OF THE BILL

	<i>Page</i>
General discussion of Committee consideration.....	5

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

Office of the Secretary.....	7
Standard level user charges, USDA.....	9
Advisory committees, USDA.....	10
Departmental administration.....	12
Office of Governmental and Public Affairs.....	15
Office of the Inspector General.....	16
Office of the General Counsel.....	17
Economic Research Service.....	18
Statistical Reporting Service.....	19
World Agricultural Outlook Board.....	20
Science and education:	
Agricultural Research Service.....	20
Cooperative State Research Service.....	26
Extension Service.....	31
National Agricultural Library.....	34
Animal and Plant Health Inspection Service.....	35
Food Safety and Inspection Service.....	42
Federal Grain Inspection Service:	
Inspection and weighing services.....	44
Agricultural Cooperative Service.....	44
Agricultural Marketing Service.....	46
Office of Transportation.....	48
Packers and Stockyards Administration.....	49

FARM INCOME STABILIZATION

Agricultural Stabilization and Conservation Service.....	50
Dairy Indemnity Program.....	52

CORPORATIONS

Federal Crop Insurance Corporation.....	52
Commodity Credit Corporation.....	54

TITLE II—RURAL DEVELOPMENT PROGRAMS

RURAL DEVELOPMENT ASSISTANCE

Office of Rural Development Policy.....	58
Farmers Home Administration.....	60
Rural grant programs.....	72
Rural Electrification Administration.....	79

CONSERVATION

Soil Conservation Service	<i>Page</i> 84
Agricultural Stabilization and Conservation Service	89

TITLE III—DOMESTIC FOOD PROGRAMS

Food and Nutrition Service	92
Human Nutrition Information Service	103

TITLE IV—INTERNATIONAL PROGRAMS

Foreign Agricultural Service	105
Public Law 480	107
Office of International Cooperation and Development	110
Scientific activities overseas (Special Foreign Currency Program)	112

TITLE V—RELATED AGENCIES

Food and Drug Administration	114
Commodity Futures Trading Commission	117
Farm Credit Administration	118

TITLE VI—GENERAL PROVISIONS

General provisions	121
--------------------------	-----

OVERVIEW AND SUMMARY OF THE BILL

The Agriculture, Rural Development, and Related Agencies appropriations bill provides funding for a wide array of Federal programs, mostly in the Department of Agriculture. These programs include agricultural research and extension activities, a variety of conservation programs, farm income and commodity price support programs, a number of marketing and inspection activities, several domestic food programs, and the various export and international activities of USDA. The rural development title of the bill includes funding levels for Farmers Home Administration and Rural Electrification Administration programs. The bill also provides funding for the Food and Drug Administration and the Commodity Futures Trading Commission, and establishes a limitation on the administrative expenses of the Farm Credit Administration.

The President's fiscal year 1986 budget and the first concurrent budget resolution call for major cuts in agricultural programs. Although many of these cuts will be considered by the authorizing committee in the farm bill, this Committee is also faced with difficult decisions in setting priorities for the numerous programs which merit full funding, but for which limited resources are available.

Agriculture continues to play an invaluable role in the economy of our Nation. Approximately one-fifth of the American work force is employed by some phase of the agriculture sector. However, while retail food prices rose 17 percent between 1980 and 1984, the farm value of foods rose only 7 percent over the same time period. The remainder of the increase was attributed to increased marketing costs. Only 34 percent of the retail cost for a market basket of foods could be traced back to the farm.

While the farmer's share of the retail food dollar has increased only slightly, input costs for those products have increased greatly. From 1980 to 1984, prices paid by farmers increased 27 percent.

The problems in agriculture are so complex and intertwined that a discussion of those problems would consume volumes. The attention already given to agriculture this year during consideration of the budget resolution and the extended debate in the Agriculture Committee's markup of the farm bill are testimony to the fact that there are no easy solutions to the difficulties faced by agricultural producers.

One of the primary variables which adds to producers' costs is interest payments. The interest paid by producers on outstanding loans requires a substantial return on investment simply to make those interest payments. The Committee believes that reducing the Federal deficit is an important step toward the goal of reduced interest rates.

It is on that basis that the Committee considered this bill. All accounts in the bill have been closely examined to determine an appro-

prate level of funding to adequately carry out the programs of USDA, FDA, and CFTC, but to ensure that the bounds of fiscal restraint are not breached. The Committee has made every attempt to stay within the limits agreed to in the first concurrent budget resolution.

Probably the most difficult decision by the Committee was the reduction of rural housing programs of the Farmers Home Administration to 60 percent of the levels appropriated in fiscal year 1985. This recommendation is consistent with the action taken in the conference report on the budget resolution. An extensive discussion of this program is included in the section of this report concerning rural housing.

The Committee has faced a myriad of problems in determining whether the bill conforms to the totals assumed in the budget resolution. Because of the complexity of this bill and the variety of on-budget, off-budget, entitlement, and discretionary programs, the various parties which must score this bill disagree on many issues. These parties include the Office of Management and Budget, the Congressional Budget Office, and the Senate Budget Committee, as well as the Appropriations Committee.

Another difficulty the Committee has encountered is the appearance that the bill grossly exceeds the House bill in budget authority. The House arrived at its lower numbers and false savings by reducing certain accounts, which will have to be replenished later in the fiscal year. The primary method used by the House was the reduction of the reimbursement accounts of the revolving funds of the Farmers Home Administration. The reductions in those accounts provided the House an additional \$732,572,000 to fund other programs, while still claiming to be under the budget request. Not only will these funds be required to be reimbursed at a later date, but the accounts to which the budget authority has been transferred will produce outlays, while the reimbursement accounts do not. Therefore, this action by the House would actually increase the deficit. Similar treatment of the Commodity Credit Corporation reimbursement for net realized losses provided an additional \$201,000,000, and a transfer from the Food Stamp Program to the Expanded Food and Nutrition Education Program [EFNEP] provided \$38,627,000. In just these five accounts, the House bill total is understated by \$972,199,000.

References in this report to fiscal year 1985 appropriations to date, and the President's fiscal year 1986 budget request, will differ from those in the House report in some cases. This is because the House reported its bill prior to the completion of action on fiscal year 1985 supplemental appropriation acts and prior to the submission of an amended budget request which restored the 5-percent pay reduction assumed in the President's February budget submission.

This report and the bill which it accompanies (H.R. 3037) are the Committee's recommendations for addressing these important issues. The funding levels contained in the bill represent the Committee's attempt to strike the delicate balance between meeting the vital needs of American farmers and consumers, while assuming the equally essential responsibility of minimizing the burden on American taxpayers.

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

1985 appropriation	\$5,305,000
1986 budget estimate	4,885,000
House allowance ¹	1,750,000
Committee recommendation	5,360,000

¹ The House established separate accounts for each of the Under and Assistant Secretaries.

The Secretary of Agriculture, assisted by the Deputy Secretary, Under Secretaries and Assistant Secretaries, and members of their immediate staffs, directs and coordinates the work of the Department. This includes developing policy, maintaining relationships with agricultural organizations and others in the development of farm programs, and maintaining liaison with the Executive Office of the President and Members of Congress on all matters pertaining to agricultural policy.

The general authority of the Secretary to supervise and control the work of the Department is contained in the Organic Act (7 U.S.C. 2201-2202). The delegation of regulatory functions to Department employees and authorization of appropriations to carry out these functions is contained in 7 United States Code 450c-450g.

COMMITTEE RECOMMENDATIONS

For the Office of the Secretary for fiscal year 1986, the Committee recommends an appropriation of \$5,360,000. This is \$55,000 more than was provided in 1985, and \$475,000 more than the budget request.

The Committee does not concur with the action of the House in establishing 10 separate accounts for each of the nine Under and Assistant Secretaries of the Department. The amount provided by the Committee in this account, however, equals the total amount provided by the House in each of the individual accounts. The Committee believes the action taken by the House would prevent reasonable flexibility in the management of the Secretary's office. It would also require additional staff to track the funds in the individual offices and to allocate common charges for telephone systems, utilities, and other such items.

Further, the Committee does not concur with the House report language which prohibits nonreimbursable assignment of personnel. The

Committee does, however, expect the Department to adhere strictly to GAO guidelines in the use of such personnel.

RECEPTION AND REPRESENTATION AUTHORITY

USDA has increased its efforts to develop and expand markets for U.S. agricultural exports. It is important that the Secretary of Agriculture be able to promote good will and establish relations with foreign counterparts through informal information exchanges and be able to extend appropriate courtesies to visiting domestic and foreign officials involved in pending trade negotiations and other new activities related to agricultural exports.

The Committee supports the increased efforts by the Secretary to meet with officials of other countries throughout the world to expand opportunities for greater export of agricultural commodities and products. Therefore, the Committee has increased the limitation for official reception and representation expenses from \$8,000 to \$15,000 annually.

MANAGEMENT EFFICIENCY INITIATIVES

The Committee is supportive of the Secretary's efforts to determine how the Department may better serve the public through a more efficient delivery system. The Secretary has appointed a steering committee composed of Under and Assistant Secretaries to formulate recommendations for streamlining the programs and agencies of the Department. The Committee believes that some of the problems facing farmers today result from a bureaucracy which has grown too complex and too costly. It also believes that the study which the Department has underway could very well help the FmHA and other agencies meet their current problems by relieving them of many of the unnecessary administrative burdens which executive branch agencies often impose on themselves or have imposed on them. The Committee, however, remains concerned about the closing of any State or county offices and will expect the Department to notify the appropriate committees of Congress at least 4 months in advance of any proposed changes in organization or location of offices.

NEW QUARANTINE TECHNOLOGIES

The Committee continues to be concerned with the development and improvement of quarantine technologies. Several of the programs recommended by the Committee focus on the development of genetic and biological alternatives to pesticides. Toward this end, the Committee directs the Secretary's task force on new quarantine technologies to continue its study of alternatives to such fumigants as EDB and to report its findings to the Congress in a timely fashion.

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION

1985 appropriation	(1)
1986 budget estimate.....	(1)
House allowance.....	\$484,000
Committee recommendation	(1)

¹Included in Office of the Secretary.

In concurring with the budget request, the Committee includes the Office of the Assistant Secretary for Administration in the account for the Office of the Secretary. Please refer to that account on page 7 for further details.

STANDARD LEVEL USER CHARGES, USDA

1985 appropriation	¹ \$53,454,000
1986 budget estimate.....	² 59,500,000
House allowance.....	49,454,000
Committee recommendation	57,100,000

¹Excludes \$13,800,000 appropriated for Building Operations and Maintenance, which is now included as a separate account.

²Excludes \$17,800,000 requested for Building Operations and Maintenance, which is now included as a separate account.

Standard level user charges [SLUC] are paid by the Department and many of its agencies to the General Services Administration [GSA] for use of space, facilities, and certain services in buildings owned or leased by the Federal Government. Annual appropriations are made to the Department and its agencies to pay these charges.

Agency budget estimates for SLUC are based on GSA's projection of what it will charge the agency in a given budget year. GSA sets rates according to the market value of property or space occupied, and independent of any agency input. SLUC receipts are placed in a fund used by GSA in the management of its real property operations. All Federal Government agencies utilizing Government-owned or leased property pay into this fund, which provides GSA with a pool of capital to support overall Government space needs. In effect, this means that agencies are paying prevailing commercial rental rates in order to subsidize the inflated cost of new construction and newly leased space, and to provide for vacant space in GSA's inventory.

COMMITTEE RECOMMENDATIONS

For standard level user charges, USDA, for fiscal year 1986 the Committee recommends an appropriation of \$57,100,000. This is \$3,646,000 more than the amount provided in 1985, \$7,646,000 more than the House allowance, and \$2,400,000 less than the budget request. The amount recommended by the Committee includes \$3,646,000 for costs associated with increased occupancy of GSA-leased space by agencies within the Department.

On October 1, 1984, the GSA entered into a Delegation of Authority agreement with USDA. This called for the Department to provide staff and support services to operate, maintain, and repair the five buildings in USDA's Washington complex. For fiscal year 1985, GSA agreed to

provide \$13,800,000 for those activities. However, for fiscal year 1986, GSA has agreed to provide only \$11,400,000. Because GSA has deferred many repairs and building alterations for so long, a backlog of such needs exists. The estimated cost of the backlog, which primarily consists of repairs to correct safety and functional deficiencies, is \$70,000,000. In view of this backlog, the Committee does not agree that USDA should pay GSA the \$2,400,000 difference between the fiscal year 1985 and the fiscal year 1986 transfers.

The Committee concurs with the House provision allowing up to 10 percent of the amount appropriated for SLUC to be transferred to or from agency accounts if such agencies require additional GSA space or if they vacate GSA space to occupy commercial space. The Committee expects to be informed when any such transfer of funds is executed.

BUILDING OPERATIONS AND MAINTENANCE

1985 appropriation	¹ \$13,800,000
1986 budget estimate.....	¹ 17,800,000
House allowance	17,800,000
Committee recommendation	17,800,000

¹Previously included under "Standard Level User Charges."

The functional responsibility for operation and maintenance of the Department's five-building D.C. complex was delegated to USDA from the General Services Administration on October 1, 1984. Under the guideline of the delegation, USDA must develop operating procedures and preventive maintenance programs and perform recurring repairs to assure that all service delivery systems are in good operating condition.

For building operations and maintenance, the Committee recommends an appropriation of \$17,800,000. This is \$4,000,000 more than the 1985 level, but is the same as the budget request and the amount provided by the House. This will allow the Department to continue to make safety and functional repairs to the D.C. complex, and will finance some increases for other operational requirements.

ADVISORY COMMITTEES

1985 appropriation	\$1,385,000
1986 budget estimate.....	1,385,000
House allowance	1,323,000
Committee recommendation	1,323,000

The Department of Agriculture and several of its agencies utilize advisory committees to provide supplemental and specialized expertise that is valuable in assuring that information is timely and accurate and that decisions are based on the best available knowledge and technologies. These advisory committees are comprised of experts and professionals from the academic and private sectors.

The following table displays advisory committees in existence during fiscal year 1985:

ADVISORY COMMITTEES (EXCLUDING FOREST SERVICE)

Committee name	Current members	Fiscal year 1985 budget	Agency
Advisory Committee on Foreign Animal and Poultry Diseases.....	¹ 20	\$31,000	APHIS
Advisory Committee on Instruments and Standards for Cotton.....	¹ 14	18,800	AMS
Advisory Committee on Meat and Poultry Inspection.....	¹ 21	25,000	FSIS
Advisory Committee on Swine Health Protection.....	¹ 20	14,000	APHIS
Agribusiness Promotion Council.....	30	14,704	OICD
Agricultural Policy Advisory Committee for Trade.....	¹ 51	19,500	FAS
Agricultural Technical Advisory Committee for Trade on Cotton.....	¹ 13	16,000	FAS
Agricultural Technical Advisory Committee for Trade on Dairy Products.....	¹ 18	16,000	FAS
Agricultural Technical Advisory Committee for Trade on Fruits and Vegetables.....	¹ 27	16,000	FAS
Agricultural Technical Advisory Committee for Trade on Grain and Feed.....	¹ 20	15,000	FAS
Agricultural Technical Advisory Committee for Trade on Livestock and Livestock Products.....	¹ 22	16,000	FAS
Agricultural Technical Advisory Committee for Trade on Oilseeds and Products.....	¹ 15	15,000	FAS
Agricultural Technical Advisory Committee for Trade on Poultry and Eggs.....	¹ 15	16,000	FAS
Agricultural Technical Advisory Committee for Trade on Sweeteners and Tropical Products.....	¹ 9	16,000	FAS
Agricultural Technical Advisory Committee for Trade on Tobacco.....	¹ 13	14,500	FAS
Animal Health Science Research Advisory Board.....	12	19,300	CSRS
Citizens Advisory Committee on Equal Employment.....	24	67,000	DA
Committee of Nine.....	9	28,600	CSRS
Cooperative Forestry Research Advisory Council.....	16	38,600	CSRS
Dietary Guidelines Advisory Committee.....	9	10,000	HNIS
Federal Grain Inspection Service Advisory Committee.....	¹ 12	55,764	FGIS
Flue-Cured Tobacco Advisory Committee.....	38	² (23,000)	AMS
Food and Agriculture National Needs Grants Program.....	25	31,500	ARS
General Conference Committee of the National Poultry Improvement Plan.....	10	6,000	APHIS
Hops Marketing Advisory Board.....	5	878	AMS
Human Nutrition Board of Scientific Counselors.....	¹ 15	36,500	ARS
Joint Nutrition Monitoring Evaluation Committee.....	6	32,800	HNIS
National Advisory Committee for Tobacco Inspection Service.....	14	² (30,000)	AMS
National Advisory Council on Child Nutrition ¹	19	37,770	FNS
National Advisory Council on Maternal, Infant, and Fetal Nutrition ¹	21	32,201	FNS
National Advisory Council on Rural Development.....	58	107,000	ORDP
National Agriculture Cost of Production Standards Review Board.....	46	30,200	ERS
National Agricultural Research and Extension Users Advisory Board.....	25	160,076	S&E
National Arboretum Advisory Council.....	16	11,200	ARS
National Plant Genetic Resources Board.....	¹ 18	20,000	CSRS
New Requirements and Contingencies.....		104,707	DA
Plant Variety Protection Advisory Board.....	17	7,000	AMS

See footnotes at end of table.

ADVISORY COMMITTEES (EXCLUDING FOREST SERVICE)—Continued

Committee name	Current members	Fiscal year 1985 budget	Agency
Policy Advisory Committee for the Science and Education Research Grants Program.....	¹ 17	\$17,400	OGPS
Technical Advisory Committee for Science and Education Research Grants Program.....	¹ 305	267,000	OGPS
Total.....	1,045	1,385,000	

¹ Committee membership varies from year to year. Membership shown is for fiscal year 1985.

² These committees are funded from user fees and are not included in the total.

³ The Department is recommending the repeal of the sections of law providing authority for these committees.

COMMITTEE RECOMMENDATIONS

For advisory committees for the Department of Agriculture for fiscal year 1986, the Committee recommends an appropriation of \$1,323,000. This is the same as the amount provided in the House bill, and \$62,000 less than the appropriation for fiscal year 1985 and the budget estimate. The Committee will expect the Department to continue to provide detailed information in the explanatory notes on all the advisory committee activities.

DEPARTMENTAL ADMINISTRATION

1985 appropriation.....	\$18,868,000
1986 budget estimate.....	17,795,000
House allowance.....	19,130,000
Committee recommendation.....	19,130,000

The departmental staff offices provide staff support to the top policy officials of the Department and overall direction and coordination of the work of USDA's program agencies to ensure the efficient and effective management and operation of the Department.

Activities carried out by the departmental staff offices include:

- Overall direction and administration of the Department's budgetary functions including development, presentation, execution control, reporting, and adjustment of funds and manpower resources; evaluation of program and legislative proposals for program, budget, and related resource implications; and analysis of program and resource issues and alternatives, and preparation of summaries of pertinent data to aid departmental policy officials and agency program managers in the decisionmaking process;
- Provision of staff and support services to agency programs in the management of real and personal property, procurement, contracts, financial affairs, management improvement, and automated data processing;
- Conduct of the personnel management program of the Department;
- Coordination and supervision of equal opportunity responsibilities in the Department's programs and employment;

- Management and administration of finance, accounting, Federal assistance, occupational safety and health, productivity, and management improvement of the Department;
- Oversight of all procurement activities to assure maximum participation of small and disadvantaged business in the procurement process; and
- Administration of regulatory hearings and decisions by the administrative law judges who hold rulemaking and adjudicatory hearings and issue initial decisions and orders, and by the judicial officer who serves as final deciding officer in regulatory proceedings.

COMMITTEE RECOMMENDATIONS

For departmental administration for fiscal year 1986, the Committee recommends an appropriation of \$19,130,000. This is \$262,000 more than was provided in 1985, \$1,335,000 more than the budget estimate, and the same as the amount provided in the House bill.

The Committee agrees with the House in directing the Department to prepare explanatory notes which reflect current law. Proposed legislation—regardless of whether it is proposed in appropriations language or as separate legislation—and estimated savings from such legislation, should be clearly and separately displayed. The Committee appreciates the response of the administration in requesting appropriations based on current law for most programs and proposing authorizing legislation separately. However, this practice has not been followed in the Food and Nutrition Service accounts. The requests for most of these accounts assume legislative changes and requests that these changes be made in the appropriations bill. The Committee strongly opposes this practice and expects that future appropriation requests will reflect current law.

The Committee has found very useful the manner in which the explanatory notes of the Food and Drug Administration list the directives contained in the Committee's report from the previous year's appropriations bill, and FDA's response to those directives. The Committee encourages the Department to provide similar information on the Committee's directives to USDA agencies, and will expect to see such information displayed in the explanatory notes beginning with the fiscal year 1987 budget request.

NFC INTERNAL CONTROLS

The Committee believes that establishing strong internal controls for the National Finance Center [NFC] is of great importance and warrants priority consideration by the Assistant Secretary for Administration. A recent General Accounting Office [GAO] report revealed that many critical security controls—including unrestricted access by some personnel to files containing payroll, financial, and other confidential personnel information—had been overlooked prior to April 1984, when GAO discussed its findings with the Department. Since that time, NFC has developed plans to address the weaknesses found in the GAO report. In subsequent inquiries by GAO, however, it has become apparent that

some of the scheduled completion dates for establishing certain controls have not been met. It is the Committee's opinion that attention by the Assistant Secretary is needed in order to expedite this matter and ensure implementation of proper controls, so that the security of confidential information is not compromised and the potential for fraudulent actions is diminished.

WORKING CAPITAL FUND

1985 appropriation	\$6,000,000
1986 budget estimate	6,000,000
House allowance	6,000,000
Committee recommendation	6,000,000

The USDA Working Capital Fund was authorized in 1944 by 7 United States Code 2235 and is used to finance services provided to USDA agencies on a centralized basis. Under the law, only activities approved by the Director of OMB may be carried out under the fund.

The fund received an initial appropriation of \$400,000 in 1944. Over the years additional working capital has been made available through initial transfers into the fund of activities meeting the above criteria and through congressional authorizations to receive growth capital from serviced USDA agencies. Working Capital Fund operations are financed by charging user agencies the actual costs of providing the centralized services they require. The following services are performed for the agencies and financed through the Working Capital Fund: central supply and other central services; reproduction services; motion picture, photographic, and other visual information services; National Finance Center; and automated data processing [ADP] services.

COMMITTEE RECOMMENDATIONS

For additional capital for the Working Capital Fund, the Committee recommends an appropriation of \$6,000,000. This is the same as the budget request, the amount provided by the House, and the amount available in fiscal year 1985. These funds will be used to purchase computer equipment and peripherals for the departmental computer centers and the National Finance Center.

The Committee concurs with the House in retaining language which permits the accumulation of capital growth not to exceed \$2,000,000, and which provides that no funds appropriated to an agency shall be transferred to the Working Capital Fund without the approval of the agency administrator.

The Committee, however, does not concur with the new proviso which states that no more than \$40,001,000 shall be charged against the fund for personnel compensation and benefits. Imposing a limitation on salaries and other personnel expenses in the Working Capital Fund has considerable potential to negatively affect the quality and timeliness of services provided by activities under the fund. The nature of the fund and the activities it supports are to provide services to departmental users on demand. The level of effort required to meet this demand is

an approximation and is subject to change during the budget year, based on actual workload demand. Under the current system the fund can address increased workload demands by approval of employee overtime or the hiring of temporary personnel. A limitation on personnel expenses could have the effect of denying to users timely or effective service in instances of high workload demand. The users may be forced to contract out for a service which could be provided at a lower cost through WCF activities.

Further, the Committee expects obligational charges against the fund to not exceed \$107,948,000 during fiscal year 1985 and \$113,293,000 during fiscal year 1986.

OFFICE OF THE ASSISTANT SECRETARY FOR GOVERNMENTAL AND PUBLIC AFFAIRS

1985 appropriation	(1)
1986 budget estimate.....	(1)
House allowance.....	\$337,000
Committee recommendation	(1)

¹Included in Office of the Secretary.

In concurring with the budget request, the Committee includes the Office of the Assistant Secretary for Governmental and Public Affairs in the account for the Office of the Secretary. Please refer to that account on page 7 for further details.

OFFICE OF GOVERNMENTAL AND PUBLIC AFFAIRS

1985 appropriation	\$7,657,000
1986 budget estimate.....	7,038,000
House allowance.....	(1)
Committee recommendation	7,720,000

¹The House established separate accounts for public affairs, legislative liaison, and intergovernmental affairs.

Governmental and public affairs serves as the central organization to ensure consistency and coordination of the Department's public information and external affairs activities and directing the defense and emergency preparedness programs of the Department.

The three major programs are:

Public affairs.—Provides direction, leadership, and balance in the development and delivery of useful information, through all media, to the public on USDA's research, educational, and regulatory activities.

Congressional affairs.—Maintains liaison with the Congress and the White House on legislative matters of concern to the Department and exercises responsibility for the coordination of all congressional matters except congressional appropriations.

Intergovernmental affairs.—Directs and coordinates all programs involving the implementation of USDA policies and procedures applicable to the Department's intra and intergovernmental affairs.

COMMITTEE RECOMMENDATIONS

For the Office of Governmental and Public Affairs, the Committee recommends an appropriation of \$7,720,000. This is \$63,000 more than was provided in 1985, and \$682,000 more than the budget request.

The Committee does not concur with the House action to establish separate accounts for Public Affairs, Legislative Liaison, and Intergovernmental Affairs. The Committee, however, has provided an amount in this account equal to the amount provided by the House in the three separate accounts. The Committee believes the current accountability procedures of the OGA programs are appropriate and effective to monitor and assure proper expenditure of funds.

The recommended level includes not less than \$856,000 for the Yearbook of Agriculture.

OFFICE OF THE INSPECTOR GENERAL

	Appropriation	Transfer from Food Stamp Program	Total
1985 appropriation.....	\$30,142,000	(\$18,355,000)	(\$46,497,000)
1986 budget estimate	27,764,000	(14,710,000)	(42,474,000)
House allowance.....	30,756,000	(15,924,000)	(46,680,000)
Committee recommendation	30,756,000	(15,924,000)	(46,680,000)

The Office of the Inspector General was established by law October 12, 1978, by the Inspector General Act of 1978. This reaffirmed and expanded the Office established by order of the Secretary of Agriculture.

The Office is headed by an inspector general who reports directly to the Secretary, keeping him informed of fraud, abuses, and deficiencies within the Department. The Inspector General is also required by law to report periodically to the Congress. The Office provides policy direction and conducts, supervises and coordinates all audits and investigations. It also reviews existing and proposed legislation and regulations and makes recommendations to the Secretary and Congress regarding the impact such initiatives will have on the economy and efficiency of the Department's programs and operations.

Pursuant to the Agriculture and Food Act of 1981, the Inspector General has authority to designate special agents to carry firearms while engaged in official duties under the Inspector General Act of 1978 such as: making arrests; executing warrants for arrests; searching of premises; and seizure of evidence while conducting investigations of suspected or alleged felony criminal violations involving USDA programs.

COMMITTEE RECOMMENDATIONS

For the Office of the Inspector General for fiscal year 1986, the Committee recommends an appropriation of \$30,756,000. In addition to amounts directly appropriated, the Committee recommendation includes a transfer of \$15,924,000 from the Food Stamp Program, for a total pro-

gram level of \$46,680,000. This is the same as the level recommended by the House, \$183,000 more than was provided in 1985, and \$4,206,000 more than the budget estimate.

The Committee concurs with the action of the House in disallowing the requested decrease of \$5,418,000 for management savings and has restored the office to the current level.

In addition, the Committee concurs with the House in including the requested bill language concerning certain confidential operational expenses, including the payment of informants.

The Committee reiterates its position that the Inspector General should continue to set program priorities based on need rather than to consider the amount of funds transferred from the Food Stamp Program to be a mandate of the level of food stamp activity.

The Committee takes interest in the automation of OIG activities. According to an analysis completed last year, the benefit/cost ratio is 18:1, and the required time for cost recovery is estimated to be only 4 months. The Committee hopes that this analysis is accurate, and will expect to be kept informed as to the actual costs and benefits of this office automation implementation.

OFFICE OF THE GENERAL COUNSEL

	Appropriation	Transfer from Food Stamp Program	Total
1985 appropriation.....	\$14,929,000	(\$974,000)	\$15,903,000
1986 budget estimate	13,925,000	(786,000)	14,711,000
House allowance.....	15,077,000	(786,000)	15,863,000
Committee recommendation	15,077,000	(786,000)	15,863,000

The Office of General Counsel serves as legal counsel for the Secretary of Agriculture and performs all legal work for the Department. It represents the Department in administrative and judicial proceedings, examines titles to lands to be acquired by the Department or accepted as security for loans, and disposes of claims arising out of the Department's activities.

COMMITTEE RECOMMENDATIONS

For the Office of the General Counsel for fiscal year 1986, the Committee recommends an appropriation of \$15,077,000. This is \$148,000 more than was provided in 1985, \$1,152,000 more than the budget estimate, and the same as the amount provided in the House bill. The transfer of \$786,000 from the Food Stamp Program will provide a total of \$15,863,000 for this office. As with the funds transferred to the Office of the Inspector General, the General Counsel should not consider funds transferred from the Food Stamp Program as a minimum or a maximum level of activity on food stamp issues.

The Committee concurs with the House in disallowing \$1,563,000 for management savings.

The Committee further concurs with the House in expecting the OGC to continue to operate field offices for the purpose of assisting the Farmers Home Administration [FmHA] in locations which cannot be adequately served by the OGC regional offices. The President's budget proposal to terminate these offices was based on a significant reduction in FmHA workload due to decreased program levels. Because the Committee does not concur with the extent of these program reductions, and in view of the mammoth portfolio administered by FmHA, the Committee feels that these offices should be retained.

OFFICE OF ASSISTANT SECRETARY FOR ECONOMICS

1985 appropriation	(1)
1986 budget estimate.....	(1)
House allowance.....	\$418,000
Committee recommendation	(1)

¹ Included in Office of the Secretary.

In concurring with the budget request, the Committee includes the Office of Assistant Secretary for Economics in the account for the Office of the Secretary. Please refer to that account on page 7 for further details.

ECONOMIC RESEARCH SERVICE

1985 appropriation	\$47,098,000
1986 budget estimate.....	46,305,000
House allowance.....	46,305,000
Committee recommendation	46,305,000

The Economic Research Service was established on September 30, 1981, by separating the functions previously performed by the Economics and Statistics Service into two new program agencies, the Economic Research Service and the Statistical Reporting Service. Management support services for the agency are carried out by the economics management staff. The agency's responsibility is authorized principally by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

The principal function of ERS is to serve the critical need for timely and reliable agricultural economic information (research, forecasts of major agricultural economic indicators, policy analysis, and data) that addresses the multitude of economic concerns and the decisionmaking needs of farmers, consumers, extension workers, private analysts, processors, marketers, input suppliers, and policy officials in the Federal Government, Congress, and State and local governments.

COMMITTEE RECOMMENDATIONS

For the Economic Research Service, the Committee recommends an appropriation of \$46,305,000. This is the same as the budget estimate and the amount provided by the House, and is \$793,000 less than the amount appropriated for fiscal year 1985.

It has come to the Committee's attention that States with a high percentage of farm income as a percentage of personal income are at a dis-

advantage under the formula used to calculate the Federal medical assistance percentage [FMAP]. As a result, these States occasionally have experienced extreme swings in their matching rates. One of the reasons appears to be the difficulty in estimating farm income.

The Committee, therefore, directs the Economic Research Service to put a higher priority on and devote more resources to computing State estimates of farm income. It is expected that the Service will work with the Health Care Financing Administration, the Bureau of Economic Analysis, and other appropriate agencies within the Federal Government to improve this situation.

STATISTICAL REPORTING SERVICE

1985 appropriation	\$58,287,000
1986 budget estimate	59,505,000
House allowance	59,079,000
Committee recommendation	59,079,000

The primary responsibilities of the Statistical Reporting Service are the development and dissemination of national and State agricultural statistics, statistical research, and coordination of the Department's statistical programs as authorized under the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

SRS programs are conducted in the following major areas:

Crop and livestock estimates.—This area includes estimates of production, supply, price, and other aspects of the agricultural economy; conduct of enumerative and objective measurement surveys; preparation and issuance of the official national and State estimates and reports of the Department relating to acreages, types and production of farm crops, number of livestock on farms, livestock products, stocks of agricultural commodities, value and utilization of farm products, prices received and paid by farmers, and other subjects as required.

Statistical research and service.—This area includes review, clearance, coordination, and improvement of statistics in the Department, and research on and development of improved statistical techniques used in gathering and evaluating statistical data, including use of satellite data.

Work performed for others.—Services are performed for other Federal and State agencies and private commodity organizations on a reimbursable or advance payment basis. These services consist primarily of conducting surveys and performing related statistical data collection activities. They also include technical consultation and support and technical assistance programs abroad under participating agency service agreements.

COMMITTEE RECOMMENDATIONS

For the Statistical Reporting Service, the Committee recommends an appropriation of \$59,079,000. This is \$792,000 more than the level provided in fiscal year 1985, \$426,000 less than the budget estimate, and the same as the House allowance. Within the funds provided, the Committee will expect the SRS to reinstate the dry pea and lentil annual crop report and the annual report on white wheat.

WORLD AGRICULTURAL OUTLOOK BOARD

1985 appropriation.....	\$1,676,000
1986 budget estimate.....	1,680,000
House allowance.....	1,680,000
Committee recommendation	1,680,000

The World Agricultural Outlook Board serves as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture with the responsibility for coordinating and reviewing for clearance all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department of Agriculture. The Board's primary objective is to improve the consistency, objectivity, and reliability of outlook and situation material being disseminated to the public.

The Board's functions include information dissemination; market surveillance; coordination of international and domestic agricultural developments; coordination of weather, climate and remote sensing research; and forecasting techniques.

COMMITTEE RECOMMENDATIONS

For the World Agricultural Outlook Board for fiscal year 1986, the Committee recommends an appropriation of \$1,680,000. This is \$4,000 more than was provided in 1985, the same as the budget estimate, and the same as the amount provided in the House bill.

The Committee recommendation does not include the provision, which has been included in previous appropriations for WAOB, to allow the agency to hire consultants. This authority has never been used, the Department requested that it be deleted, and the House also deleted the provision.

OFFICE OF ASSISTANT SECRETARY FOR SCIENCE AND EDUCATION

1985 appropriation.....	(¹)
1986 budget estimate.....	(¹)
House allowance.....	\$371,000
Committee recommendation	(¹)

¹Included in Office of the Secretary.

In concurring with the budget request, the Committee includes the Office of Assistant Secretary for Science and Education in the account for the Office of the Secretary. Please refer to that account on page 7 for further details.

AGRICULTURAL RESEARCH SERVICE

1985 appropriation.....	\$495,106,000
1986 budget estimate.....	500,753,000
House allowance.....	494,806,000
Committee recommendation	503,043,000

As the U.S. Department of Agriculture's in-house agricultural research unit, the Agricultural Research Service has major responsibilities for conducting and leading the national agricultural research effort. It

provides initiative and leadership in five areas: research on broad regional and national problems; research to support Federal action and regulatory agencies; expertise to meet national emergencies; research support for international programs; and scientific resource to the executive branch and Congress.

The mission of Agricultural Research Service is to develop new knowledge and technology which will ensure an abundance of high quality agricultural commodities and products at reasonable prices to meet the increasing needs of an expanding economy and to provide for the continued improvement in the standard of living of all Americans. This mission focuses on the development of technical information and technical products which bear directly on the need to (1) manage and use the Nation's soil, water, air, and climatic resources, and improve the Nation's environment; (2) provide an adequate supply of agricultural products by observing practices that will maintain a permanent and effective agriculture; (3) improve the nutrition and well-being of the American people; (4) improve living in rural America; and (5) strengthen the Nation's balance of payments.

ARS also coordinates and provides program leadership for higher education work of the Department, as provided for by section 1417 of Public Law 95-113, as amended, and section 1419 of Public Law 97-98.

COMMITTEE RECOMMENDATIONS

Salaries and expenses.—For salaries and expenses of the Agricultural Research Service, the Committee recommends \$503,043,000, an increase of \$2,290,000 above the budget request, \$8,237,000 above the amount provided by the House, and \$7,937,000 above the 1985 level.

The amount provided by the Committee includes \$2,000,000 for the special fund. These funds are used to strengthen work at Federal research installations in the field by employing junior scientific help under contracts and cooperative agreements.

National Arboretum.—For the research program at the National Arboretum, the Committee concurs with the House in providing an increase of \$500,000. This increase will restore the funding level for the Arboretum to approximately the 1985 level.

Fresno research station.—The Committee concurs with the House bill language which will allow for the purchase of land at Fresno, CA, in order to relocate the existing research facility.

Citrus research.—The Committee concurs with the budget and the House on including bill language which allows for the construction of the national clonal germplasm repository for citrus at Riverside, CA.

The Committee remains concerned over the presence of citrus canker in Florida. Canker infestations earlier this century caused tremendous damage to the citrus industry, and the Committee believes every effort should be made to prevent the spread of the disease and to provide for its eradication. The Committee has been impressed with canker research efforts undertaken jointly by the University of Florida and the Department of Agriculture. Accordingly, the Committee directs ARS to con-

tinue the Emergency Canker Research Program originally funded in the fiscal year 1985 continuing appropriations bill. One million dollars shall be made available for this program in fiscal year 1986 with \$750,000 provided to the University of Florida and the remaining \$250,000 to be used by the Agricultural Research Service facility at Orlando, FL.

Dairy forage.—The Committee recommends an increase of \$200,000 for research at the Dairy Forage Research Center at Madison, WI, and its seven cluster locations. This increase in funding will allow for expansion of research devoted to more efficiently producing, processing, and utilizing resource-conserving forages at a time when family dairy farmers are facing financial stress.

National Sedimentation Laboratory.—To expand work now underway at the National Sedimentation Laboratory on the Yazoo Basin demonstration project, the Committee concurs with the increase of \$250,000 as provided by the House.

Peach research.—The Committee has included an increase of \$200,000 for research at the Appalachian Fruit Research Laboratory. With this additional funding, peach research can be accelerated to improve the tolerance of peach trees to environmental factors.

Soil and water conservation.—The Committee recommends an increase of \$200,000 for the Appalachian Soil and Water Conservation Laboratory at Beckley, WV. These funds will be used to provide additional staff at the laboratory.

The Committee understands that there is a shortage of adequate technical support staff at the Appalachian Soil and Water Conservation Laboratory. Therefore, the Department is directed, within available funds, to provide 14 full-time-equivalent technical support positions to the Appalachian Soil and Water Conservation Research Laboratory at Beckley.

Catfish breeding.—The Committee concurs with the action of the House in appropriating \$500,000 to establish a catfish breeding, genetics, and endocrinology program at the Delta States Research Center. These funds will complement the existing support for this important research.

Tri-fly research.—The Committee has included \$340,000 for work with the University of Hawaii to develop alternative means of eradicating the tri-fly infestation in Hawaii. Fruit fly outbreaks continue to threaten the citrus and fruit industries in the continental United States.

Sunflower research.—The Committee recommends an increase of \$100,000 for a research project at North Dakota State University on the banded moth and other moths most harmful to sunflowers.

Potato research.—From within funds available to ARS, the Committee recommends an additional \$150,000 for potato varietal development in conjunction with the Tri-State Potato Development Program in the Pacific Northwest.

Fruit research.—The Committee will expect the Department to give additional attention to the important research being conducted on post harvest research at Wenatchee, as well as research on insect biology and pest management being done at Yakima, Washington.

Fruit fly attractant research.—Within the funds available, the Committee directs the Department to continue Caribbean fruit fly attractant research. This research is important to efforts to monitor Caribfly populations for surveys, eradication programs, and to implement the fly-free zone concept which eliminates the need for quarantine treatment like EDB.

Grasshopper fungus.—For research on grasshopper fungus, the Committee recommends the same level provided in 1985.

Hops research.—The Committee believes that the hops germplasm research facilities and staff located at Corvallis, OR, and Prosser, WA, are vital to the health of the industry. Therefore, the Committee directs that the USDA-ARS support of hops research in fiscal year 1986 operate at the current level. The Committee expects that all personnel will be retained and that the Committee will be informed prior to any program or personnel changes.

Leafy spurge.—The Committee recognizes the importance of research on leafy spurge, and, therefore, expects the Department to continue funding this program at no less than the fiscal year 1985 level. Leafy spurge is a noxious weed that infests millions of acres in the upper Great Plains States.

Rice research.—The Committee again recognizes the importance of rice research activities conducted at the ARS facility in Stuttgart, AR. The Department will be expected to at least continue the research activities and staffing levels at the Stuttgart facility commensurate with recent-year levels.

Integrated pest management.—The Committee directs that, within funds available, the Federal-State cooperative research program on yellow star thistle be continued.

Pea and lentil research.—The Committee supports continued funding at the 1985 level for pea and lentil research in the Pacific Northwest.

Lygus bug.—The Committee recommends that funding be provided to continue the program to control lygus bug on peas and lentils. The project is a cooperative effort conducted at the University of Idaho, at Washington State University, and at the USDA-ARS Insect Laboratory in Yakima, WA.

Vegetable oils as fuel.—The Committee directs that of the funds provided to ARS, \$100,000 be utilized for research being conducted at Moscow, ID, on the use of vegetable oils as a replacement for diesel fuel.

Biological control.—The Committee recognizes the importance of biological control research and its relevance to control of tropical and subtropical pests, heretofore either not introduced or known in the United States. The Committee has been impressed with the research efforts of the University of Florida in the area of biological control and understands that an expansion of this effort is being contemplated for the very near future. The Committee supports expansion of this research effort and urges USDA to be cooperative in every way possible.

Lesser cornstalk borer, mole cricket, and diaprepes.—The Committee recognizes efforts to expand extramural agreements with the University of Florida regarding research on the lesser cornstalk borer, the mole cricket, and diaprepes. The Committee believes this research is of high priority and should be continued.

Tropical/subtropical research.—The Committee recommends an appropriation of \$735,000 for tropical and subtropical research programs under section 406 of the Agricultural Trade Development Assistance Act. This is the same amount as provided in 1985.

Bee research.—For bee research, the Committee recommends funding at the fiscal year 1985 level. The Committee directs ARS to increase attention given to research on the verroa mite, a parasite which poses a much larger threat to the bee industry than the tracheal mite which has already reached the United States.

Within the amount provided for bee research, the Committee expects that work on chalk brood syndrome will continue at the \$100,000 level.

The Committee also recognizes that pesticide research is very important to the honey industry and, therefore, expects ARS to continue research in this field. The Committee is aware of laboratory space in an ARS facility in Stillwater, OK, which could be utilized for such research.

Heliothis.—The Committee will expect the Department to work in consultation with the Environmental Protection Agency [EPA] to determine the appropriateness of providing a portion of the funding necessary to carry out a proposal to demonstrate the effectiveness of utilizing special electrical lighting, which has been suggested by GTE, the University of Georgia and others, to control the *Heliothis* complex, which includes tobacco budworms, pink cotton bollworms, and other pests. This is a further effort to identify and demonstrate nonchemical methods of pest control which have the potential for replacing restricted or banned substances.

United States-Hebrew University tropical animal research agreement.—The Committee is interested in the possibility of a joint exotic foreign animal disease research agreement between an American and a foreign institution of higher learning. Such an agreement has the potential to add to the veterinary body of knowledge that would benefit all parties. Accordingly, the Committee directs the ARS to undertake a feasibility study regarding such a joint agreement.

Other research items.—The Committee does not concur with the House increases of \$200,000 for the Southcentral Agricultural Research Center; \$250,000 for plant stress and water conservation research; and \$2,000,000 for human nutrition research. For each of these items, the Committee recommends the budget estimates which are approximately the same as the 1985 levels.

The Committee has made a technical change to the House bill provision which allows a transfer of \$200,000 from ARS to the Office of the Assistant Secretary for Science and Education for a scientific review of certain chemicals and food additives. The Committee's recommendation

includes no appropriation for the Assistant Secretary, and has changed the reference to read "Office of the Secretary".

BUILDINGS AND FACILITIES

1985 appropriation	\$23,050,000
1986 budget estimate.....	
House allowance.....	3,600,000
Committee recommendation	3,350,000

The "Buildings and Facilities" account is established for the acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities of, or used by, the Agricultural Research Service. Routine construction or replacement items would continue to be funded under the limitations contained in the regular account.

COMMITTEE RECOMMENDATIONS

The Committee recommends an appropriation of \$3,350,000 for this account. This is \$3,350,000 more than the budget estimate, \$250,000 less than the House allowance, and \$19,700,000 less than the amount provided in 1985. These funds shall remain available until expended.

The Committee concurs with the House in providing \$600,000 for planning a regional institute for food animal production, research, and service at the School of Veterinary Medicine at Tuskegee Institute. In fiscal year 1985, the Committee requested the Department and the Food and Drug Administration to review the feasibility and necessity of the establishment of such a facility. This report has been received, and it supports the construction of this institute.

In addition, the Committee recommends \$2,700,000 for construction of a germplasm collection facility in Aberdeen, ID. In 1985, the Committee provided \$300,000 in planning funds for this facility. The Committee reiterates its view that Aberdeen is an ideal site for this facility, and, therefore, will expect no further construction on a similar facility at Beltsville, MD, until such time as a site selection and the planning has been completed for the facility at Aberdeen.

The Committee will expect the Department to proceed with the construction of the Metabolism and Radiation Research Laboratory as directed in the 1985 Agriculture appropriations bill.

The Committee is interested in a proposal to establish an agricultural science and industry facility at Pennsylvania State University. This facility would replace several inadequate and antiquated facilities and would be composed of a modern central laboratory building with containment facilities and four specialized research units. The Committee, therefore, recommends \$50,000 to conduct a feasibility study of the Pennsylvania State University proposal and to report to the appropriate committees of Congress by January 1, 1986.

COOPERATIVE STATE RESEARCH SERVICE

1985 appropriation	¹ \$290,776,000
1986 budget estimate	251,356,000
House allowance	276,428,000
Committee recommendation	290,336,000

¹ Excludes \$700,000 transferred from Agricultural Research Service in Public Law 99-88.

The Cooperative State Research Service participates in a nationwide system of agricultural research program planning and coordination between the States and the U.S. Department of Agriculture which encourages and assists in the establishment and maintenance of cooperation within and among the States and between the States and their Federal research partners. The primary function is the administration of grants and payments to States to supplement State and local funding for agricultural research carried on by the State agricultural experiment stations of the 50 States, Puerto Rico, Guam, the Virgin Islands, the District of Columbia, American Samoa, and Micronesia; by approved schools of forestry; the 1890 land-grant institutions and Tuskegee Institute; colleges of veterinary medicine; and other eligible institutions.

COMMITTEE RECOMMENDATIONS

The following table summarizes Committee recommendations for the Cooperative State Research Service.

COOPERATIVE STATE RESEARCH SERVICE

[In thousands of dollars]

	Fiscal year 1985 ap- propriation	Fiscal year 1986 budget	House bill	Committee recom- mendation
Payments under Hatch Act.....	156,484	156,484	156,484	156,484
Cooperative forestry research (McIntire-Stennis).....	13,053	13,053	13,053	13,053
Payments to 1890 Colleges and Tuskegee ..	23,474	23,474	23,474	23,474
Special research grants (Public Law 89-106):				
STEEP-Soil Erosion in N.W.	622		622	622
Food systems research group.....	156		156	
Pest management.....	3,091		3,091	3,091
Rural development centers	311		311	450
Soybean cyst nematode (Missouri).....	300		300	300
Bean and beet (Michigan)	97		97	
Animal health.....	6,000		6,000	6,000
Minor use animal drugs	240		240	240
Aquaculture, (Stoneville, MS).....	420		420	420
Dairy and beef photoperiod (Michigan).....	35		35	35
Pesticide clearance	1,440		1,440	1,440
Pesticide impact assessment	2,069		2,069	2,069
Dairy goat research (Texas).....	100		100	
Aquaculture (general)	518			518
Milk consumption (PA)				300
International livestock program (KS)				100
Stored grain insects (KS)				300
Germplasm resources	1,000		1,000	1,000
Blueberry shoestring virus (Michigan)....	96		96	

COOPERATIVE STATE RESEARCH SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1985 ap- propriation	Fiscal year 1986 budget	House bill	Committee recom- mendation
Special research grants (Public Law 89-106)—Continued				
Peach tree short life (South Carolina)...	192		192	192
TCK Smut (wheat).....	361		361	361
Sugarland use research (Hawaii).....	150		150	150
Mosquito research.....	480		480	480
Integrated production systems (Okla- homa).....	250		250	
Dried bean (North Dakota).....	50		50	50
Sunflower insects (North Dakota).....	150		150	200
Tropical and subtropical.....	3,250		3,250	3,250
Potato research.....	600		600	800
Asparagus yield decline (Michigan).....	100		100	
Biocontrol of grasshoppers.....	50		50	50
Wool research (Texas).....	150			150
Ag Policy Institute (Missouri).....	450		450	
Biomass from dairy processing waste (Missouri).....	300		300	300
Stone fruit decline (Michigan).....	300		300	
EDB replacement (Hawaii).....	300		300	300
Wood utilization research.....	3,000		3,000	3,000
Integrated reproduction management (Nebraska).....	100		100	
Cranberry/blueberry disease and breeding (New Jersey).....	100		100	
Preservation and processing research (Oklahoma).....	100		150	
Alternative cropping systems in the Southeast.....	300		300	300
Maple research (Vermont).....	100			100
Apple quality research (Michigan).....			100	
Aquaculture planning grant (Hawaii).....			150	150
Fruit and vegetable production and marketing (Kentucky).....			150	
Plant stress (New Mexico, California, and Texas).....			300	
Subtotal, special research grants.....	27,328		27,310	26,718
Competitive research grants:				
Plant science.....	16,500	16,500	4,500	16,500
Soybean research.....	(518)	(518)	(518)	(518)
Acid precipitation.....	(695)	(695)	(695)	(695)
Alcohol fuels.....	(540)	(540)	(540)	(540)
Animal science.....	4,500	4,500	4,500	4,500
Brucellosis.....	(500)	(500)	(500)	(500)
Reproductive efficiency.....	(2,500)	(2,500)	(2,500)	(2,500)
Pest science.....	3,000	3,000	3,000	3,000
Gypsy moths.....	(1,000)	(1,000)	(1,000)	(1,000)
Boll weevil/boll worm.....	(1,000)	(1,000)	(1,000)	(1,000)
Pine bark beetle.....	(1,000)	(1,000)	(1,000)	(1,000)
Human nutrition.....	2,000	2,000	2,000	2,500
Biotechnology.....	20,000	20,000	20,000	20,000
Subtotal, competitive research grants.....	46,000	46,000	34,000	46,500

See footnotes at end of table.

COOPERATIVE STATE RESEARCH SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1985 ap- propriation	Fiscal year 1986 budget	House bill	Committee recom- mendation
1890 research facilities.....	10,000	10,000	10,000	10,000
Animal health and disease (sec. 1433).....	5,760		5,760	5,760
Higher education ¹	² (5,000)	2,000	² 3,000	² 5,000
Native Latex Act (Public Law 95-592— Guayule).....	702		702	702
Rangeland research grants (sec. 1480).....	500		500	500
Critical Agricultural Materials Act (poly- mers).....			500	500
Federal administration.....	975	345	1,645	1,645
Total, Cooperative State Research Service.....	284,276	251,356	276,428	290,336

¹Transferred from ARS in fiscal year 1985.²Excludes a permanent appropriation of \$2,800,000 provided under the Morrill-Nelson Act.

Individual items are discussed below:

Payments for cooperative research under the Hatch Act.—The Committee recommends \$156,484,000. This is the same as the House allowance, the budget estimate, and the 1985 level.

Cooperative forestry research.—The Committee recommends \$13,053,000. This is the same as the budget estimate, the amount provided by the House, and the amount provided in 1985.

Payments to 1890 Colleges and Tuskegee.—The Committee recommends \$23,474,000. This is the same amount provided by the House, in the budget, and in 1985.

Special research grants under Public Law 89-106.—The Committee recommends a total of \$26,718,000. Specifics of individual grant allowances are included in the accompanying table.

Competitive research grants.—The Committee recommends an appropriation of \$46,500,000. This is \$12,500,000 more than the House allowance, \$500,000 more than the budget estimate, and \$500,000 more than was appropriated last year. An increase has been recommended for human nutrition research. The Committee continues its commitment to the competitive grants method of fostering and promoting increased levels of basic agricultural research in our Nation.

Critical Agricultural Materials Act (Polymers).—The Committee concurs with the House in providing \$500,000 to the Polymer Institute at the University of Southern Mississippi for the planning of a critical agricultural materials research facility.

Native Latex Act (guayule).—The Committee also concurs with House action to provide \$702,000 above the budget request for research on guayule. This is the same level provided in 1985.

Research facilities at 1890 Colleges and Tuskegee Institute.—For construction of research facilities at the 1890 land-grant colleges and Tuskegee Institute, the Committee recommends \$10,000,000, to remain available until expended. This is the same amount as was provided in fiscal year 1985, the same amount provided in the budget request, and the same amount that is in the House bill.

Higher education.—The Committee believes the Graduate Fellowship Program initiated in fiscal year 1984 must be continued to provide additional scientists to maintain our Nation's capacity to conduct and disseminate basic research in the food and agriculture sciences. It has, therefore, restored the fellowship program to the \$5,000,000 level to insure a continuing commitment to those graduate students already in the program.

Morrill-Nelson.—The Committee concurs with the House in rejecting the budget proposal that would repeal the Morrill-Nelson Act permanent appropriation, which provides historic support to the States for higher education.

Aquaculture.—The Committee recommends \$518,000 for continuation of general aquaculture research. This is the same as the level provided in 1985, and \$518,000 more than the budget request and the House allowance. This research provides valuable knowledge related to disease and parasite control, water quality, diet formulation, and improved reproductive efficiency.

Milk consumption research.—The Committee recommends \$300,000 for research on ways to increase the market for dairy products, focusing on health issues and the threat of unfair foreign competition. This research will be conducted by Pennsylvania State University in coordination with the Agricultural Marketing Service.

Stored grain insects.—The Committee provides \$300,000 to Kansas State University to conduct research on the management of stored grain insect problems. The presence of insects in stored grain has resulted in quality problems, both in domestic and export supplies of grain.

International livestock program.—The Committee provides \$100,000 to Kansas State University for the development of an international livestock program. This appropriation will be matched by a comparable amount from the State of Kansas.

Sunflower insects.—The Committee recommends an appropriation of \$200,000 for sunflower insect research. This is \$50,000 more than the amount provided in 1985 and by the House. It is \$200,000 more than the budget request.

In addition to the amount provided to North Dakota State University to continue current research programs, the Committee has provided \$50,000 for South Dakota State University to explore the use of somatic cell and embryo culture techniques for enhancement of sunflower germplasm.

Wool research.—The Committee recommends an appropriation of \$150,000 for wool research in San Angelo, TX. This is the same amount as was provided in 1985, \$150,000 more than the House bill and the budget request.

Potato research.—For potato research, the Committee has provided a total of \$800,000. This is \$200,000 more than the amount provided by the House. Of the increase, \$100,000 is for the initial funding of a seed potato disease research program and \$100,000 is for a potato genetics research project to develop new cultivars. This additional research is to be conducted by North Dakota State University.

Maple research.—The Committee recommends an appropriation of \$100,000 for maple research at the University of Vermont. This is the same as the amount provided in 1985. Recent studies indicate maple tree reproduction has declined, and this decline poses a real threat to two major industries in Vermont—the lumber industry and the maple industry.

Rural development centers.—Rural development centers contribute to regional research in two ways: (1) they undertake coordination of regional research requiring both a critical mass and a diversity of research skills not found at any single institution; and (2) they initiate research through seed grants to support new projects at their formative stage until they are eligible for other funding. Consistent with the Committee's desire to increase the Federal contribution to the encouragement of regional rural development, the Committee recommends an increase to \$450,000 for the rural development centers. Rural development centers are primarily operated through the Extension Service. The Extension Service portion of this report contains further discussion of the mission and benefits of these centers. The Committee expects the Department to ensure coordination of the research and extension functions of the centers.

Tropical/subtropical research.—For tropical/subtropical research, the Committee recommends an appropriation of \$3,250,000. This is the same amount provided in fiscal year 1985. Tropical/subtropical research has a proven track record of well selected projects, including tomato variety development for high temperature and high humidity areas; the evaluation of aroid crops; and evaluation of crops for their potential in the production of methane. A variety of other important research projects have benefited the Caribbean and Pacific Basin regions as well as the United States in general.

Other research items.—The Committee does not concur with the House allowance of \$100,000 for cranberry/blueberry disease and breeding; \$300,000 for stone fruit decline; \$150,000 for preservation and processing research; \$100,000 for an integrated reproduction management program; \$100,000 for dairy goat research; \$96,000 for blueberry shoestring virus; \$250,000 for integrated production systems; \$97,000 for beet and bean research; \$156,000 for the food systems research group; \$100,000 for asparagus yield decline; \$450,000 for the Agriculture Policy Institute; \$100,000 for apple quality research; \$150,000 for fruit and vegetable production and marketing; and \$300,000 for plant stress.

Federal administration.—The Committee concurs with the House allowance of \$1,645,000 for Federal administration. This is \$670,000 more than the amount provided in 1985 and \$1,300,000 more than the budget request.

The increase of \$1,300,000 is to continue the Gulf Coast shrimp aquaculture research project.

Consulting services.—Statutory authority requires USDA to recruit competitive research grant program managers who are recognized leaders in their fields. This usually means obtaining services of people

who are in the highest professional salary ranges. Because of this, and the priority given to the competitive research grant program, the Committee recommends that the current \$50,000 cap on consulting services be increased to \$150,000. This will provide CSRS with greater flexibility for obtaining scientists with enough stature and esteem to provide the kind of leadership that is essential for this high-priority research activity.

EXTENSION SERVICE

	Appropriation	Transfer from Food Stamp Program	Total
1985 appropriation	\$343,727,000.....		\$343,727,000
1986 budget estimate	265,137,000.....		265,137,000
House allowance.....	302,731,000	(\$38,627,000)	(341,358,000)
Committee recommendation.....	340,588,000.....		342,338,000

The Extension Service is the educational arm of the U.S. Department of Agriculture. Through its partnership with land grant colleges and universities it uses a nationwide educational delivery system to extend knowledge into virtually every county in the United States and its territories. This education is off campus and informal, and is recognized internationally as the most successful education system of this type ever developed.

The extension partnership includes both the land grant universities that have been established in every State as a result of the Morrill Act of 1862 as well as the primarily black land grant institutions that were established in 16 States by the Second Morrill Act of 1890. Additional institutions that are members of the national extension system include colleges and universities having similar goals and missions in the District of Columbia, Puerto Rico, Guam, Virgin Islands, American Samoa, Micronesia, plus Tuskegee Institute in Alabama. All of these institutions operate active extension programs that form the national extension system.

The primary function of the nationwide system of cooperative extension work is out-of-school applied education in agriculture, home economics, community development, 4-H youth programs, and related subjects. This educational work takes research results, technological advancements, and program facts of the Department of Agriculture, the State agricultural colleges and experiment stations, and incorporates them into a program for action. The Extension Service interprets, disseminates, and encourages practical use of knowledge. It transmits information from researchers to individuals and institutions that are able to utilize and apply the research.

COMMITTEE RECOMMENDATIONS

The following table summarizes Committee action on the Extension Service:

EXTENSION SERVICE

[In thousands of dollars]

	Fiscal year 1985 ap- propriation	Fiscal year 1986 budget	House bill	Committee recom- mendation
Smith-Lever 3(b) and 3(c).....	241,484	241,484	241,484	241,484
1890's.....	17,741	17,741	17,741	17,741
Smith-Lever 3(d):				
Pest management.....	7,531		7,531	7,531
Pesticide impact assessment.....	1,716		1,716	1,716
Farm safety.....	1,020		1,020	
Urban gardening.....	3,500		3,500	1,750
Food and nutrition education [EFNEP]..	60,354		21,727	60,354
(Transfer from Food Stamp Pro- gram).....			(38,627)	
Financial management.....	1,000		1,000	2,000
Integrated reproduction management (Nebraska).....			50	
Rural development centers.....	500		500	1,000
Renewable Resources Extension Act....	2,500			2,500
Payments to District of Columbia (other)....	983	983	983	983
Federal administration.....	5,398	4,929	5,479	5,279
Total, Extension Service.....	343,727	265,137	302,731	342,338

The Committee has provided a total of \$241,484,000 for payments under the Smith-Lever Act, sections 3 (b) and (c). This is the same as the level provided in fiscal year 1985, the same as the budget request and the amount provided by the House. Funding for the 1890 colleges and Tuskegee Institute is included at \$17,741,000, the same as the amount provided by the House, the budget estimate and the 1985 appropriation.

Special grants.—To restore the section 3(d) special grants to last year's level, the Committee recommends \$7,531,000 for pest management, and \$1,716,000 for pesticide impact assessment. The Committee does not concur in the House provision of \$1,020,000 for farm safety, and \$50,000 for the Integrated Reproductive Management Program. The budget proposed termination of all section 3(d) special grants.

Urban gardening.—The Committee recommends \$1,750,000 for the Urban Gardening Program. This is \$1,750,000 less than the House provided and \$1,750,000 more than the budget request.

EFNEP.—For the Expanded Food and Nutrition Education Program [EFNEP], the Committee recommends an appropriation of \$60,354,000, the same amount provided in 1985. This is \$60,354,000 more than the budget request. The House also provided a level of \$60,354,000; however, it recommended a transfer of \$38,627,000 from the Food Stamp Program. The Committee does not concur with this action. Providing a transfer from the Food Stamp Program for this purpose only increases the requirement for supplemental funding for that program. It does nothing to decrease Federal expenditures.

EFNEP plays a vital role in providing nutrition advice to low-income families. The Committee believes that more should be done under EFNEP to assure that all eligible individuals are made aware of the various Federal nutrition programs, eligibility requirements, and program

benefits. The Committee will expect additional emphasis to be placed in this area in the fiscal year 1986 program and will expect a report on what action is taken to implement this directive.

Financial management.—A special farm financial management initiative of \$1,000,000 was begun in fiscal year 1985. The Committee believes this effort must be maintained and expanded to help agricultural producers cope with the difficult economic climate. It has, therefore, recommended an increase of \$1,000,000 for this program. The Committee does not, however, concur with the House in earmarking \$200,000 of Federal administration funds to start a Comprehensive Farm and Ranch Financial Management Program.

Renewable resources.—The Committee continues to be very concerned about the Nation's forestry resources, especially the need to develop these resources in order to meet increasing demands for wood products. Consequently, the Committee recommends an appropriation of \$2,500,000 for activities carried out under the Renewable Resources Extension Act. This is the same as the amount provided in 1985 and \$2,500,000 more than the budget request and the House allowance.

Rural development centers.—Because of declining farm income and the necessity for farmers and ranchers to have access to off-farm employment opportunities, it is essential that innovative private local development be encouraged. Due to the tremendous range of economic conditions and opportunities that exist in the United States, the Committee believes that the possibilities to be explored should be studied on a regional basis, rather than a national basis. Some of the most effective rural development projects have been those catered to the unique needs and environment of a particular area. Rural development centers are designed to do just that. These centers consolidate scarce resources into effective and efficient programs. Through the centers, States with mutual concerns pertaining to rural development have an ability to assemble shared resources to develop mutual solutions to their problems.

For these reasons, the Committee has made the Federal contribution to the rural development centers a separate item under the Smith-Lever 3(d) special grants and is recommending that funding be doubled. Previously included in the "Federal administration" account at \$500,000, the Committee is recommending \$1,000,000 for the centers. The Committee intends this increase to be divided equally among the four centers. The centers should utilize these funds to identify, develop, and promote new and innovative economic alternatives to traditional farming. Such activities should capitalize on the assets of their respective regions. The Committee is aware of an example of such an alternative in Mississippi, where a promising industry is being explored for muscadines, a berry native to the southern region and well suited to the soils of that region. Given the estimated economic potential of the muscadine industry, the Southern Rural Development Center should allocate appropriate resources to assist in full development of this activity.

Federal administration.—For Federal administration, the Committee has provided an increase over the budget request to provide a total of \$5,279,000. Included in this total is the restoration of \$350,000 to maintain the pilot technology transfer programs in Oklahoma and Mississippi. The budget had proposed to terminate funding for this pilot project. As stated above, the Committee does not concur with the House in providing \$200,000 for a Comprehensive Farm and Ranch Financial Management Program.

District of Columbia.—For the extension programs in the District of Columbia, the Committee recommends an appropriation of \$983,000, the same as the amount available for fiscal year 1985 and the same as the budget request and the amount provided by the House.

Agricultural weather.—Forecasting of weather, issuance of forecasts, advisories, and warnings, and the observation, collection, processing, and communication of weather data have been responsibilities of the Federal Government since the establishment of the U.S. Weather Bureau on October 1, 1890.

Agricultural production consists of using soil and weather resources to produce food and fiber. Since weather movement and development extends beyond geographic and political boundaries, it is clearly in the Nation's interest to insure that farmers receive and have access to appropriate, accurate and timely weather information. Since the operation of weather service is a Federal responsibility, the provision for agricultural weather information is and shall remain a Federal responsibility.

The collection and summarization of basic observations and the issuing of guidance materials and forecasts for agriculture is a logical responsibility for the National Weather Service. The education and extension activities concerning the on-farm use of weather information and forecasts will be developed by the cooperative Extension Service, USDA. An effective national program for an agricultural weather service will emerge from a cooperative effort between the National Weather Service and the Extension Service.

NATIONAL AGRICULTURAL LIBRARY

1985 appropriation	\$11,464,000
1986 budget estimate.....	11,340,000
House allowance.....	11,340,000
Committee recommendation	11,340,000

The National Agricultural Library, in cooperation with the Library of Congress and the National Library of Medicine, provides coverage and servicing of worldwide publications in the agricultural, chemical, and biological sciences. It serves all of the Department programs in the Washington metropolitan area as well as the field installations throughout the country, and has the added responsibility of service to the land-grant universities and the world agricultural science community. Traditionally, the library has concentrated its services to the agricultural scientist and researcher; however, it is currently in the process of expand-

ing its role to serve a wider audience by using modern information dissemination technology. The wider audience includes Federal, State, and local administrators, as well as the farmer, the small businessman, public groups at all levels, and the general public.

COMMITTEE RECOMMENDATIONS

For the National Agricultural Library, the Committee recommends an appropriation of \$11,340,000. This is \$124,000 less than was provided for fiscal year 1985, and the same as the amount provided in the House bill and the budget estimate.

OFFICE OF THE ASSISTANT SECRETARY FOR MARKETING AND INSPECTION SERVICES

1985 appropriation	(¹)
1986 budget estimate.....	(¹)
House allowance.....	\$347,000
Committee recommendation	(¹)

¹Included in Office of the Secretary.

In concurring with the budget request, the Committee includes the Office of the Assistant Secretary for Marketing and Inspection Services in the account for the Office of the Secretary. Please refer to that account on page 7 for further details.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE SALARIES AND EXPENSES

1985 appropriation	\$298,557,000
1986 budget estimate.....	248,807,000
House allowance.....	281,165,000
Committee recommendation	309,502,000

The Animal and Plant Health Inspection Service conducts programs to protect the animal and plant resources of the Nation from destructive pests and diseases. Two major areas of activity are discussed below.

1. *Animal and plant disease and pest control.*—Survey, diagnostic, and quarantine activities are carried out to control, eradicate, or prevent the introduction of animal and plant diseases and pests. Control and eradication programs are conducted to combat new and endemic infestations and infections.

2. *Other regulatory activities.*—The Agency performs other regulatory activities including the development of standards for and the licensing and testing of veterinary biologicals to insure their safety and effectiveness; the inspection of certain establishments which handle animals intended for research, exhibition, and pet purposes, as defined by law, to insure their humane treatment, and the regulation of the import and export of endangered plant species.

COMMITTEE RECOMMENDATIONS

The following table summarizes the Committee's recommendations for the Animal and Plant Health Inspection Service:

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

[In thousands of dollars]

	Fiscal year 1985 ap- propriation ¹	Fiscal year 1986 revised budget	House bill	Committee recom- mendation
PLANT DISEASE AND PEST CONTROL				
Plant protection:				
Bio-control	3,329	3,349	3,310	3,310
Boll weevil	3,707	1,006	3,057	3,057
Golden nematode	1,007	923	1,007	923
Grasshopper and Mormon cricket	20,827	960	1,827	18,000
Gypsy moth	5,209	4,790	5,175	5,175
Imported fire ant	5,809	320	5,809	5,809
International programs	2,068	2,168	2,140	2,140
Mediterranean fruit fly	6,700	8,703	8,600	8,600
Mexican fruit fly	1,527	1,539	1,527	1,527
Miscellaneous plant diseases and pests	1,143	1,140	1,143	1,143
Noxious weeds	789	114	789	789
Pest detection	4,209	4,004	3,978	3,978
Pink bollworm	2,393	1,040	2,393	2,393
Witchweed	4,751	1,134	4,723	4,723
Total, plant protection	63,468	31,190	45,478	61,567
Agricultural quarantine inspection	52,633	54,926	53,150	54,926
Total, plant disease and pest con- trol	116,101	86,116	98,628	116,493
ANIMAL DISEASE AND PEST CONTROL				
Animal health:				
Animal welfare	5,165		4,865	4,865
Brucellosis eradication	73,240	60,372	73,400	63,500
Cattle ticks	6,373	6,443	6,243	6,243
Animal disease detection ¹	2,058	3,125	3,065	3,065
Foot-and-mouth disease (Darien Gap) ...	2,239	2,251	2,239	2,239
Horse protection	159	167	159	159
Import-export inspection	7,667	8,533	8,200	8,533
International programs	1,997	2,036	1,997	2,036
Animal health compliance and en- forcement ¹	12,849	14,588	14,000	14,000
National poultry improvement plan	219	230	219	219
Poultry diseases	636	657	636	636
Pseudorabies	2,322	2,398	2,322	2,322
Screwworm	37,133	29,201	33,233	33,233
Swine health protection	3,259	3,306	3,259	3,259
Tuberculosis eradication	4,085	4,016	3,945	3,945
Veterinary diagnostics	11,339	11,226	11,039	11,039
Miscellaneous animal diseases and pests	2,018	2,050	2,018	2,018
Total, animal health	172,758	150,599	170,839	161,311

See footnotes at end of table.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1985 ap- propriation ¹	Fiscal year 1986 revised budget	House bill	Committee recom- mendation
ANIMAL DISEASE AND PEST CONTROL— Continued				
Veterinary biologics.....	8,698	9,092	8,698	8,698
Animal damage control.....				20,000
Total, animal disease and pest con- trol.....	181,456	159,691	179,537	190,009
Contingencies:				
Plant disease and pest control.....	500	1,500	1,500	1,500
Animal disease and pest control.....	500	1,500	1,500	1,500
Total, Contingencies.....	1,000	3,000	3,000	3,000
Total, Salaries and expenses.....	298,557	248,807	281,165	309,502
Buildings and facilities (repair and improve- ment).....	2,361	2,361	4,262	4,262
Total, APHIS.....	300,918	251,168	285,427	313,764

¹Includes supplemental appropriations and rescission.²Previously entitled "Emergency programs."³Previously entitled "Interstate inspection of livestock."

For the salaries and expenses of the Animal and Plant Health Inspection Service for fiscal year 1986, the Committee recommends an appropriation of \$309,502,000. This is \$28,337,000 more than the House allowance, \$60,695,000 more than the budget estimate, and \$10,945,000 more than the appropriation for fiscal year 1985.

Boll weevil eradication.—The Committee recommends \$3,057,000. This is \$2,051,000 more than the budget request, the same as the House allowance, and \$650,000 less than the amount provided in 1985. This funding level includes final costs of the boll weevil eradication program in North and South Carolina, and continues the control activities in the Texas High Plains and in California and Arizona. Local interests in those States provide at least 70 percent of the cost of the program.

It is the Committee's understanding that efforts are continuing to further expand this eradication program and that producers in other States are attempting to obtain passage of a referendum which will allow States to cover at least 70 percent of the cost of the program. If and when additional States pass such a referendum, the Committee directs the Department to submit a budget request at the earliest opportunity for the necessary funds to cover the Federal portion.

Noxious weeds.—The Committee recommends \$789,000 for noxious weeds. This is an increase of \$675,000 over the budget request, but is the same amount provided in 1985 and recommended by the House for 1986.

In addition, the Committee concurs with the House in providing \$115,000 of the noxious weed appropriation for hydrilla control in Cali-

fornia and further expects that \$235,000 will be provided under the biocontrol program.

The Committee supports the research efforts of the University of Florida in conjunction with the Animal and Plant Health Inspection Service on the management of hydrilla and other aquatic weeds. The Committee believes that the biological control of these noxious weeds with herbivorous fish is promising and should be continued. Therefore, the Committee will expect APHIS to continue its support of the University of Florida in this research.

Brucellosis eradication.—For brucellosis eradication, the Committee recommends a program level of \$63,500,000. This is \$9,900,000 less than the House bill and \$3,128,000 more than the budget. Nearly 90 percent of the remaining brucellosis infection is concentrated in five States, and annual economic losses are now less than one-half of the Federal program costs. Due to the continuing decline in infection levels, funding for the program can be reduced without an adverse impact on program progress. At the funding level and with increased State and industry involvement, the program can continue to move toward the objective of bringing all States to class A status or higher in 5 years. The program will focus on States with the highest level of infection and work to prevent the reintroduction of brucellosis into free and low-incidence States. At the end of 5 years, the Federal program should focus on disease surveillance and reporting and the enforcement of interstate regulations. At the end of fiscal year 1986, there should be at least 28 free States (including the District of Columbia, the Virgin Islands, and Puerto Rico) and not more than six class B States and two class C States—with no change in classification definition. States with dual classification are considered to be in the lower classification.

Animal damage control.—The Committee feels that the primary incentive for funding the Animal Damage Control Act of 1931 [ADC] is the protection of agriculture. Nevertheless, ADC is currently administered by the Fish and Wildlife Service in the Department of the Interior. In testimony this year, Secretary Block said that he believed the ADC Program appropriately belongs in the Department of Agriculture and Secretary of Interior Hodel indicated that he has no objection to this transfer.

Therefore, the Committee recommends the transfer of this program and feels it can be most effectively carried out if it were placed under the jurisdiction of the Animal and Plant Health Inspection Service. The Committee is aware that the President's budget requested funding for ADC in the budget for the Department of the Interior. However, the Department of Agriculture has submitted a budget request to effect the transfer, and the Committee will expect this budget transfer to be made.

The Committee recommends \$20,000,000 for ADC. Of these funds, the Committee recommends \$500,000 for research for developing environmentally acceptable toxicants or other population managing devices to assist in minimizing economic loss and nuisance created by black-birds.

In addition, the Committee expects the Department to continue the research presently underway by the Fish and Wildlife Service on the nonlethal Predator Control Program in California, Nevada, and Arizona, at least at the current level, and also urges APHIS to make available \$45,000 for the Guarding Dog Program.

Golden nematode.—The Committee recommends \$923,000 for golden nematode. This is \$84,000 less than the amount provided in 1985 and in the House allowance, and the same as the budget estimate.

Gypsy moth.—The Committee concurs with the House in appropriating \$5,175,000 for gypsy moth. This is approximately the same as the amount available in 1985.

In fiscal year 1985 the Department joined with the State of Oregon to provide funding for efforts to eradicate the infestation of gypsy moth that has threatened the Willamette National Forest in Lane County, OR. Funding for this purpose has already been made available by the State of Oregon for fiscal year 1986, and the Committee directs the Department to continue its participation in this effort by providing funds by April 1986, consistent with the formula agreed to by the State of Oregon, the Department, and the Congress.

Imported fire ant.—The Committee concurs with the House in appropriating \$5,809,000 for imported fire ant. This is the same as was provided in 1985, and is \$5,489,000 more than the budget request.

Grasshopper and Mormon cricket.—The Committee recommends an appropriation of \$18,000,000 for the grasshopper and Mormon cricket programs. This is \$16,173,000 more than the House allowance and \$17,040,000 more than the budget request.

In recent years, grasshopper infestations have been particularly devastating. In fiscal year 1985, the Department spent approximately \$28,000,000 on grasshopper control. Due to the nature of the problem, it is extremely important that the funding be made available early in the season in order to control the grasshoppers and to prevent the egg laying which exacerbates the problem for the following season. The Committee directs the Department to determine at an early stage the expected level of grasshopper infestation and to respond timely to those findings by submitting a supplemental request if additional funding is necessary. The Committee expects to be kept informed of the Department's assessment of the grasshopper problem.

Screwworm.—For the joint Mexico-United States Screwworm Eradication Program, the Committee recommends \$33,233,000, the same as the amount in the House bill, and \$4,032,000 more than the budget request.

The screwworm eradication program has been a very successful program. Since the Mexico-United States Joint Commission was created in 1973, the program has eradicated the screwworm population north and west of the Isthmus of Tehuantepec in Mexico. This was accomplished at the end of July 1984, and a permanent barrier zone has now been established to prevent new outbreaks north of the isthmus.

The recommended funding level will be sufficient to maintain the barrier and will assist the Department in including the Yucatan Penin-

sula and adjacent areas of Guatemala and Belize in the eradication effort. Moving the barrier zone to Mexico's southern boundaries will reduce the probability of reinfestation of the United States and northern Mexico.

Agricultural quarantine inspection and import-export inspection of animals.—For agricultural quarantine inspection, the Committee recommends an appropriation of \$54,926,000, the same as the budget request. This is \$2,293,000 more than the amount provided in 1985 and \$1,776,000 more than the House allowance.

For import-export inspection of animals, the Committee recommends \$8,533,000. This is the same as the budget estimate, \$333,000 more than the amount provided by the House, and \$866,000 more than the amount available in 1985.

The Committee is concerned that as of October 1, 1985, the Department of Agriculture is proposing to terminate its program of certifying that logs exported to Canada and interstate in the United States are free from gypsy moths. The Committee understands that Canada and some States will not accept logs that have not been certified as free of gypsy moths. The Committee further understands that Canada will decide by December 1, 1985, whether or not to accept logs that have not been certified as free of gypsy moths. Therefore, the Committee directs the USDA to continue its program of certifying logs to Canada until such time as Canada announces it will accept such logs without certification. The Committee further directs the USDA to continue certification for logs traveling interstate until such time as all States receiving such logs no longer require such certification as a condition of entry.

California-Florida Caribfly rearing facility.—The Committee is impressed by the joint efforts of the States of Florida and California to construct a sterile Caribbean fruit fly rearing facility. This initiative shows the determination of both States to rid themselves of this pest which threatens citrus production. This facility will be an important tool in the effort to limit the spread of or eradicate the Caribbean fruit fly. The Committee understands that construction is expected to begin soon and should be completed in July 1986. The Committee urges the Department of Agriculture to cooperate in every way possible and particularly to provide whatever technical expertise, staff, and support assistance is necessary.

Mediterranean fruit fly.—The Committee remains concerned over the periodic findings of Mediterranean fruit flies in Florida. The Committee recognized the potential of biological barriers to pests such as the Medfly and last year directed APHIS to study the feasibility of further southern movement of the existing Medfly barriers, perhaps to Panama. The Committee has noted the technical feasibility finding of the study and now directs the Department, in conjunction with the appropriate Federal agencies, to work with their Central American counterparts to determine specific funding and technical responsibilities among possible program participants. The Committee expects APHIS to report on the progress of these discussions as soon as possible and to provide detailed funding and staffing responsibilities for the various participants.

Tri-fly.—In researching alternative methods of eradicating fruit flies, the Committee will expect the Department to emphasize biological and genetic means of controlling agricultural pests. Successful sex lures have been identified for the oriental fruit fly, but none have been found for the Mediterranean fruit fly, a worldwide pest. Development of baits and lures and research into meiotic drive and other means of producing sterile male flies as a means of controlling all species of fruit fly is a desirable alternative to the widespread application of pesticides.

The Committee further expects the Department to avoid implementing any eradication program in Hawaii that depends on the broad application of pesticides until it has identified alternatives and fully researched them, as discussed elsewhere in this report.

Range caterpillar.—It is the Committee's understanding that an estimated 5 million acres in northeastern New Mexico are at risk to damage by the range caterpillar. The Committee, therefore, will expect the Department to assist the State of New Mexico in conducting a range caterpillar integrated pest management survey. This assistance is necessary to ongoing State and local efforts to identify and ultimately control such infestation.

Contingencies.—The Committee recommends \$1,500,000 for plant disease and pest control contingencies and \$1,500,000 for animal disease and pest control contingencies, for a total of \$3,000,000. This total is the same as the amount in the budget request and the House bill, and \$2,000,000 more than the amount provided in 1985.

BUILDINGS AND FACILITIES

1985 appropriation	\$2,361,000
1986 budget estimate	2,361,000
House allowance	4,262,000
Committee recommendation	4,262,000

COMMITTEE RECOMMENDATIONS

For buildings and facilities of the Animal and Plant Health Inspection Service for 1986, the Committee recommends an appropriation of \$4,262,000. This is \$1,901,000 more than the budget estimate and the amount provided in 1985, and the same as the House allowance.

The increase of \$1,901,000 is to complete construction of the sterile fruit fly rearing facility in Hawaii. The remaining funds will provide for the repair and improvement of existing facilities and for the construction of small buildings.

The Committee also concurs with the House bill language which will allow APHIS to obtain building sites either by purchase or lease. In the past, APHIS has had to enter into long-term leases for land at proposed building sites. APHIS is expected to notify the appropriate committees of Congress when land purchases are deemed proper and will provide accompanying justification material.

FOOD SAFETY AND INSPECTION SERVICE

1985 appropriation	\$364,635,000
1986 budget estimate.....	364,265,000
House allowance.....	358,494,000
Committee recommendation	370,000,000

The Food Safety and Inspection Service was established on June 17, 1981, by Secretary's Memorandum No. 1000-1 issued pursuant to Reorganization Plan No. 2 of 1953.

The major objective of the Food Safety and Inspection Service is to ensure that the Nation's commercial supply of meat and poultry products is safe, wholesome, and correctly labeled and packaged, as required by the Federal Meat Inspection Act and the Poultry Products Inspection Act.

The Meat and Poultry Inspection Program of the Food Safety and Inspection Service provides in-plant inspection of all domestic plants preparing meat or poultry products for sale or distribution in commerce; reviews foreign inspection systems and establishments that prepare meat or poultry products for export to the United States and inspects imported products at ports of entry; and provides technical and financial assistance to States which maintain meat and poultry inspection programs equal to Federal inspection.

COMMITTEE RECOMMENDATIONS

For the Food Safety and Inspection Service for fiscal year 1986, the Committee recommends an appropriation of \$370,000,000. This is \$5,365,000 more than was provided in 1985, \$5,735,000 more than the budget estimate, and \$11,506,000 more than the amount provided in the House bill.

FSIS is required by law to inspect every animal and bird presented for slaughter inspection and to inspect every processing plant on a daily basis. The recommended level will allow the agency to maintain staffing levels which will ensure uninterrupted mandatory meat and poultry inspection services.

The Committee supports the action of the House in allowing FSIS to provide not less than \$250,000 of available funds to develop, maintain, and computerize data for the farm animal residue avoidance data base, and to ensure that the information is available to computers with access to the National Agricultural Library.

FEDERAL GRAIN INSPECTION SERVICE

SALARIES AND EXPENSES

1985 appropriation	\$6,994,000
1986 budget estimate.....	7,045,000
House allowance.....	7,045,000
Committee recommendation	7,045,000

The Federal Grain Inspection Service was established on November 20, 1976, pursuant to the U.S. Grain Standards Act, as amended (Public Law 94-582). The act was amended again in 1977, to provide an

advisory committee, technical amendments, and appropriation funding for field supervision, and in 1980, to eliminate most mandatory inbound weighing at export port locations. The act was amended again under the Omnibus Budget Reconciliation Act of 1981. The act now requires user fee funding to support supervision and administration of the inspection and weighing programs, areas previously covered by appropriations. The Service carries out grain inspection and weighing programs under the U.S. Grain Standards Act and other programs under the authority of the Agricultural Marketing Act of 1946, as amended. The programs under the Agricultural Marketing Act of 1946 include the inspection and grading of rice, dry beans, peas, lentils, processed grain products, hay, straw, hops, and other agricultural commodities as were assigned to the agency by the Secretary of Agriculture under the authority of the Reorganization Plan No. 2 of 1953.

The Federal Grain Inspection Service provides for the establishment of official U.S. standards for grain, and ensures the uniform application of the standards through a series of official inspection, weighing, weight certification, and supervision programs. Through these permissive and mandatory programs, the Service aids in advancing orderly and efficient marketing and effective distribution of U.S. grain and other assigned commodities from the Nation's farms to domestic and foreign buyers.

The amended U.S. Grain Standards Act requires the Service to provide Federal or delegated State original inspection and weighing services at export ports and Federal supervision at all locations. The Supervision Program includes supervision at export ports by Federal inspectors and weighers, and licensed inspectors and weighers employed by eight delegated State agencies. The agency supervises licensed inspection and weighing personnel employed by 83 designated State and private agencies performing nonexport services at interior locations. The inspection and weighing programs utilize Federal and delegated State personnel for the mandatory inspection and weighing of outbound grain at export ports, and for the permissive inspection and weighing of inbound grain at export ports. Federal personnel also carry out nationwide appeal inspections and the inspection of rice and other assigned commodities. The costs of nearly all field services and most headquarters activities are financed from fees charged for services performed. Compliance and standardization activities, and international monitoring are financed from appropriations.

COMMITTEE RECOMMENDATIONS

For the Federal Grain Inspection Service for fiscal year 1986, the Committee recommends an appropriation of \$7,045,000. This is \$51,000 more than the amount provided in 1985, the same as the budget request and the amount provided by the House allowance.

The Committee restates its interest in the development of a national technical center and will expect FGIS to report the progress in the establishment of such a center in its testimony for the fiscal year 1987 budget request.

Although FGIS received complaints representing less than 1 percent of the grain exported in fiscal year 1984, the Committee is very concerned that the reputation of the United States as a reliable inspector of exports may have been harmed by complaints regarding excess foreign matter in exported grain. The Committee supports continued efforts to improve the accuracy and reliability of the national inspection process. The Committee expects to be kept informed of any major complaints received from importers of U.S. grain and FGIS efforts to address these complaints. If an increased number of personnel are needed to ensure proper grain inspection, FGIS should so inform the Committee.

The Committee recommends a technical amendment to the House bill which will provide clarification of the bill language.

The Committee concurs with the budget and the House in reducing the dollar limitation on consulting services from \$50,000 to \$20,000.

INSPECTION AND WEIGHING SERVICES

LIMITATION ON ADMINISTRATIVE EXPENSES

1985 appropriation	(\$36,856,000)
1986 budget estimate	(36,856,000)
House allowance	(36,856,000)
Committee recommendation	(36,856,000)

The Federal Grain Inspection Service provides an official grain inspection and weighing system under the U.S. Grain Standards Act [USGSA], and official inspection of rice and grain related products under the Agricultural Marketing Act [AMA] of 1946, as amended.

Federal inspection and weighing services under the USGSA are financed entirely by a user fee-supported revolving fund. Programs covered by the revolving fund include: original grain inspection and weighing at selected export ports; original inspection of U.S. grain exported through Canada; Federal appeals of original grain inspections; stowage inspections on containers carrying U.S. grain for export; and registration of grain firms operating in the export grain trade. The AMA provides for the inspection and grading of rice and other commodities. All administrative and field costs for this service are also financed from user fees.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of \$36,856,000 on the obligation of funds collected through user fees for fiscal year 1986. The total limitation is the same amount specified in the budget, in fiscal year 1985, and in the House bill.

AGRICULTURAL COOPERATIVE SERVICE

1985 appropriation	\$4,675,000
1986 budget estimate	3,699,000
House allowance	4,713,000
Committee recommendation	4,713,000

The Agricultural Cooperative Service [ACS] is assigned functions under both the Cooperative Marketing Act of 1926 and functions that relate to the economic and marketing aspects of farmer cooperatives under the Agricultural Marketing Act of 1946. Under the Cooperative Marketing Act, ACS is authorized to: (1) acquire, analyze and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States and foreign countries; (2) conduct studies of the economic, legal, financial, social, and other phases of cooperation, including analyses of the organization, operation, financial, and merchandising problems of cooperative associations; (3) make surveys and analyses of the accounts and business practices of representative cooperative associations; (4) confer and advise with committees or groups of producers who want to form a cooperative association and to make an economic analysis of the facts relevant to setting up such an association; (5) promote the knowledge of cooperative principles and practices and cooperate in promoting such knowledge to others; and (6) make special studies to acquire and disseminate such information.

Under the Agricultural Marketing Act, ACS is authorized to carry out responsibilities relating to the marketing aspects of cooperatives, including economic research and analysis and the application of economic research findings. In addition, ACS is authorized to work with institutions and international organizations on subjects relating to cooperatives.

ACS serves as the focal point of national activity involving agricultural cooperatives. The purpose of ACS is to help farmers help themselves by providing the assistance necessary to support and improve existing cooperatives and to help farmers organize new cooperatives.

The studies conducted by ACS, alone or in conjunction with other Federal or State institutions, are intended to provide farmers with information on economic, financial, organizational, legal, and social aspects of cooperative activity. In today's rapidly changing economic environment, ACS provides technical advice to assist farmer cooperatives in the development and operation of viable, profitable organizations serving the Nation's family farmers.

COMMITTEE RECOMMENDATIONS

For the Agricultural Cooperative Service for the fiscal year 1986, the Committee recommends an appropriation of \$4,713,000. This is \$38,000 more than the amount provided for fiscal year 1985, \$1,014,000 more than the budget estimate, and the same as the House allowance. The Committee's recommendation includes bill language earmarking \$139,000 for an ACS field office in Hawaii. This language was also included in the House bill.

The Committee will continue to expect that within the funds provided, the Agricultural Cooperative Service should give priority to efforts to assist and encourage agricultural cooperatives in their effort to expand the international marketing of agricultural commodities.

AGRICULTURAL MARKETING SERVICE
MARKETING SERVICES

1985 appropriation	\$31,005,000
1986 budget estimate.....	30,626,000
House allowance.....	31,455,000
Committee recommendation	32,208,000

The Agricultural Marketing Service, through its marketing and regulatory programs, promotes the orderly and efficient marketing and effective distribution of products from the Nation's farms. The need for AMS' services remains strong despite the fact that the users defray much of the costs of providing the services. Currently, about three-fourths of AMS funds are derived from user fees.

The individual activities that AMS is responsible for include a market news service; inspection, grading, and standardization services; market protection and promotion activities; wholesale market development; Perishable Agricultural Commodities Act; and strengthening markets, income, and supply. The AMS also provides program-related services for Federal, State, and private agencies on a reimbursable basis.

COMMITTEE RECOMMENDATIONS

For the Agricultural Marketing Service, Marketing Services, for fiscal year 1986, the Committee recommends an appropriation of \$32,208,000. This is \$1,203,000 more than was provided in 1985, \$1,582,000 more than the budget estimate, and \$753,000 more than the House allowance. This will provide AMS with sufficient funds to carry out its responsibilities, including the full operation of the cotton and tobacco market news activity, the inspection of egg product manufacturing plants, and shell egg surveillance visits, as required by current law. The fiscal year 1985 appropriation assumed legislative changes to these programs. Those changes were not subsequently enacted.

The Committee concurs with the House in providing \$1,582,000 for the Wholesale Market Development Program, which provides for the design and development of wholesale and farmer market facilities for the major metropolitan areas of the country.

The Committee has not included bill language this year concerning marketing orders, because the Department has confirmed its policy to allow amendments to marketing orders to be voted upon by producers without a negative vote on any amendment resulting in termination of the entire order. The Committee will expect the Department to adhere to this policy; however, if any changes are anticipated at any time, it expects to be notified well in advance of any modifications being made.

LIMITATION ON ADMINISTRATIVE EXPENSES

1985 appropriation	(\$27,253,000)
1986 budget estimate.....	(27,253,000)
House allowance.....	(27,253,000)
Committee recommendation	(27,253,000)

The Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) initiated a system of user fees for the cost of grading and classing tobacco, cotton, naval stores, and for warehouse examination. These activities, authorized under the U.S. Cotton Standards Act, the Tobacco Inspection Act, the Naval Stores Act, the U.S. Warehouse Act, and other provisions of law are designed to facilitate commerce and to protect participants in the industry.

COMMITTEE RECOMMENDATIONS

For fiscal year 1986, the Committee recommends a limitation on obligations from user fees for these activities of \$27,253,000. This is the same as last year's level, the budget request, and the House allowance.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32)

(BY TRANSFER)

1985 appropriation	(\$6,145,000)
1986 budget estimate.....	(6,193,000)
House allowance.....	(6,193,000)
Committee recommendation	(6,193,000)

Under section 32 of the act of August 24, 1935 (7 U.S.C. 612c), an amount equal to 30 percent of customs receipts collected during each preceding calendar year and unused balances up to \$300,000,000 are available for encouraging the domestic consumption and exportation of agricultural commodities. An amount equal to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce. Additional transfers to the child nutrition programs of the Food and Nutrition Service have been provided in appropriation acts. Those transfers are detailed in the Food and Nutrition Service portion of this report.

The balance of the section 32 program is administered by the Agricultural Marketing Service and consists of: Commodity Program payments for the removal of surplus agricultural products and subsequent donation of these products to domestic feeding programs; the administration of commodity contracting in the commodity purchase services activity; and the administration of marketing agreements and orders.

COMMITTEE RECOMMENDATIONS

The Committee recommends a program that will provide for an unobligated balance of approximately \$184,037,090 at the end of fiscal year 1986. This is based on actual customs receipts for calendar year 1984.

The Committee recommends \$6,193,000 for the formulation and administration of marketing agreements and orders. This is the same as the budget request and the House allowance and \$48,000 more than the amount provided in 1985.

PAYMENTS TO STATES AND POSSESSIONS

1985 appropriation	\$990,000
1986 budget estimate	
House allowance	990,000
Committee recommendation	990,000

The Federal-State Marketing Improvement Program is authorized by section 204(b) of the Agricultural Marketing Act of 1946, in which co-operative agreements are authorized between the U.S. Department of Agriculture and State Departments of Agriculture or similar State agencies. Beginning in fiscal year 1980, those projects funded were coordinated with the Wholesale Market Development Program. These agreements made possible joint Federal/State projects aimed at improving the efficiency of the agricultural marketing chain. The States contribute at least half of the cost of such projects. The work is performed either by State personnel or is contracted out to private industry.

Payments are made to State marketing agencies to assist in testing new marketing innovations to reduce the cost of marketing and seek means for providing more reliable market information, developing better quality standards and developing additional domestic and foreign market outlets. This program has covered such projects as: electronic marketing, telephone auction systems, maintaining and improving the quality of products, ways of reducing marketing costs, expanding outlets for products, collecting and disseminating special State and local market information and statistics, and improving the organizational structure of the marketing system. Current projects include the adaptation of the marketing of agricultural products to new technologies and increasing agricultural exports.

COMMITTEE RECOMMENDATIONS

For payments to States and possessions for fiscal year 1986, the Committee recommends \$990,000. This is the same amount as provided in the House bill and the same as the amount provided in 1985. No appropriation was requested in the budget. The Committee feels that this program provides important resources necessary for developing innovative marketing techniques.

OFFICE OF TRANSPORTATION

1985 appropriation	\$2,542,000
1986 budget estimate	2,163,000
House allowance	2,466,000
Committee recommendation	2,466,000

The Office of Transportation is responsible for programs that will enhance and improve the transportation system in the agricultural and rural areas of the United States. The Office provides technical assistance to producers, producer groups and rural communities; provides technical information to carriers and shippers; conducts economic analysis and technical research and development in transportation; and coordinates transportation programs within USDA. In addition, the Office

provides economic analyses to enable the Department of Agriculture to develop policy recommendations for addressing current or anticipated problems in domestic and international agricultural transportation. The Department is currently involved in the implementation and administration of the International Carriage of Perishable Foodstuffs Act of 1982.

COMMITTEE RECOMMENDATIONS

For the Office of Transportation for fiscal year 1986, the Committee recommends an appropriation of \$2,466,000. This is \$76,000 less than was provided in 1985, the same as the House allowance, and \$303,000 more than the budget estimate.

The Committee concurs in the increase provided by the House for the Traffic Management Branch, which was transferred from the Agricultural Stabilization and Conservation Service to the Office of Transportation subsequent to the preparation of the fiscal year 1986 budget request. This will make any transfer of funds from ASCS for this purpose unnecessary.

PACKERS AND STOCKYARDS ADMINISTRATION

1985 appropriation	\$9,035,000
1986 budget estimate.....	9,201,000
House allowance.....	9,201,000
Committee recommendation	9,201,000

This agency administers the Packers and Stockyards Act of 1921, as amended, which is designed to assure free, open, and fair competition and fair practices in the marketing of livestock, live poultry, meat and dressed poultry. It protects consumers against unfair business practices in the marketing of meat and poultry. It protects members of the livestock marketing and meat industries from unfair, deceptive, discriminatory, and monopolistic practices of competitors.

Investigations are conducted to determine that the operations of packers and retail organizations do not involve the proscribed malpractices. Through the use of required annual and special reports, as well as audits, the financial stability of these organizations is determined in order to guard against loss to persons and firms dealing with them. When violations or insolvencies are established, procedures to obtain cease and desist orders are initiated in order to prevent future violations.

Operations of stockyards, market agencies, and dealers are investigated and audited to assure that their business practices are fair and in free open competition, that they are financially sound, and that adequate services and facilities are furnished by stockyards and market agencies at reasonable and nondiscriminatory rates and charges.

COMMITTEE RECOMMENDATIONS

For the Packers and Stockyards Administration, the Committee recommends an appropriation of \$9,201,000. This is \$166,000 more than provided in 1985, the same as the budget estimate and the amount provided in the House bill.

OFFICE OF THE UNDER SECRETARY FOR INTERNATIONAL AFFAIRS AND
COMMODITY PROGRAMS

1985 appropriation	(1)
1986 budget estimate	(1)
House allowance	\$502,000
Committee recommendation	(1)

¹Included in Office of the Secretary.

In concurring with the budget request, the Committee includes the Office of the Under Secretary for International Affairs and Commodity Programs in the account for the Office of the Secretary. Please refer to that account on page 7 for further details.

FARM INCOME STABILIZATION

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

SALARIES AND EXPENSES

	Appropriation	Transfer from CCC	Total
1985 appropriation	\$50,857,000	(\$344,199,000)	(\$395,056,000)
1986 budget estimate		(343,199,000)	(343,199,000)
House allowance		(395,119,000)	(395,119,000)
Committee recommendation		(406,524,000)	(406,524,000)

The account "Salaries and expenses, Agricultural Stabilization and Conservation Service" funds the administrative expenses of programs administered by, and the functions assigned to, ASCS. The funds consist of transfers from the Commodity Credit Corporation [CCC] and miscellaneous advances from other sources.

Activities carried out under this program include program formulation and appraisal, operation of supply adjustment, conservation, and support programs, and inventory management and merchandising.

ASCS serves as the staff support activity for farm programs operated through the Commodity Credit Corporation.

COMMITTEE RECOMMENDATIONS

For salaries and expenses of the Agricultural Stabilization and Conservation Service for fiscal year 1986, the Committee recommends \$406,524,000. This is \$11,468,000 more than was provided in 1985, \$63,325,000 more than the budget estimate, and \$11,405,000 more than was provided in the House bill. This amount includes the restoration of funds for cotton warehouse examinations.

The Committee's recommendation is higher than the administration's request, because the request was based on the assumption that there would be no conservation programs under ASCS in fiscal year 1986. Likewise, the budget estimate proposed a reduction of \$46,320,000 based upon enactment of user fee legislation. The Committee understands this proposal has been withdrawn and, therefore, has recommended restoration of these funds. Also, the Committee has restored funds for cotton warehouse examinations and directs the Department to continue conducting these examinations.

In the past, there has been a direct appropriation to cover salaries and expenses of the Agricultural Stabilization and Conservation Service for administration of the Agricultural Conservation Program [ACP], the Forestry Incentives Program [FIP], and the Water Bank Program [WBP]. Because ASCS also administers the Commodity Credit Corporation [CCC] programs, the balance needed for ASCS salaries and expenses came from CCC fund transfers. To improve management efficiency, the Committee recommends that all ASCS salaries and expenses be covered by CCC transfers in fiscal year 1986. Future budget request explanatory notes should continue to show the division between costs for these conservation programs and other ASCS activities, however.

In addition, the Committee expects to be kept informed of progress being made with regard to State and county office automation.

The Committee concurs in a general provision which provides a minimum staff-year level of 2,550 for fiscal year 1986.

COLLOCATION LEASING AUTHORITY

The Commodity Credit Corporation Charter Act provides authority for CCC to lease office space for the operation of its programs. The Agricultural Stabilization and Conservation Service [ASCS], which administers the programs of the CCC, negotiates leases through ASC county committees. In locations where other USDA agencies (such as FmHA, SCS, or the Forest Service) occupy office space jointly with ASCS, ASCS has taken the role of lead agency in negotiating leases for the agencies involved. This practice has provided efficiency through minimal administrative burdens and reduced costs to the taxpayers.

Because CCC has statutory authority to enter into leases, it is not subject to the leasing requirements of the General Services Administration [GSA]. The GSA is now proposing to restrict the authority of CCC by prohibiting ASCS from acting as lead agency in lease negotiations. The justification for this action, according to GSA, is that ASCS leasing requirements do not conform to GSA requirements, and, therefore, ASCS should not contract for agencies which ordinarily would come under GSA's jurisdiction. Consequently, GSA and USDA have agreed that the Soil Conservation Service [SCS] should take the lead agency role in negotiating office space leases for agencies which are collocated.

The Committee rejects this action for a number of reasons. This action has been taken with total disregard for factors such as cost of administration, efficiency, quality, suitability of the space to the Agency's mission, or convenience for farmers. GSA's leasing system is a rigid, burdensome, and costly system, which was apparently designed for urban areas with an abundance of available office space. To require county offices in small towns to follow GSA guidelines would place an undue, unnecessary burden on the limited staff of those offices.

In addition to the administrative burden which would be required, actual costs of space would very likely escalate. ASCS has consistently obtained lower rental rates for office space than GSA and other agencies. In fact, a GSA report on this matter stated that competition was

achieved in ASCS leases. Further, by subordinating the leasing authority of ASCS to SCS in negotiations for collocated space, this action would circumvent CCC's statutory authority to lease space for its operations.

For these reasons, the Committee has recommended that a general provision be included in the bill, identical to a provision included in the fiscal year 1985 supplemental appropriations bill (Public Law 99-88), which prohibits any restriction on CCC's leasing authority. In order for the Committee to consider removing this restriction in the future, impartial evidence must be presented to the Committee that demonstrates that following GSA-like procedures would be cost beneficial for collocated county offices.

DAIRY INDEMNITY PROGRAM

1985 appropriation	\$100,000
1986 budget estimate.....	
House allowance.....	100,000
Committee recommendation	100,000

Under this program, the Department makes indemnification payments to dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer losses because they are directed to remove their milk from commercial markets due to contamination of their products by pesticides or radioactive materials.

COMMITTEE RECOMMENDATIONS

For the Dairy Indemnity Program for fiscal year 1986, the Committee recommends \$100,000. This is the same as provided in 1985 and the same as the amount provided in the House bill. No appropriation was requested in the budget. Although few claims have been filed in recent years, the Committee feels that the nature of this program warrants the availability of funds for potential claims that may arise. Consequently, the Committee is recommending bill language providing that these funds remain available until expended.

CORPORATIONS

FEDERAL CROP INSURANCE CORPORATION

ADMINISTRATIVE AND OPERATING EXPENSES

1985 appropriation	\$200,502,000
1986 budget estimate.....	239,467,000
House allowance.....	200,502,000
Committee recommendation	240,194,000

The Federal Crop Insurance Corporation, a wholly owned Government corporation, was created on February 16, 1938 (7 U.S.C. 1501-1520), to carry out the provisions of the Federal Crop Insurance Act. The purpose of the Corporation is to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance.

The Federal Crop Insurance Corporation provides a cost-sharing insurance program for agricultural producers to protect their production investment against essentially all unavoidable risks. The Crop Insurance Program constitutes a joint effort by the private insurance industry and the Government. The private insurance companies and agents are being utilized in the delivery of the program to the farmers.

The Federal Crop Insurance Program comprises the following major activities: (1) underwriting, actuarial, and program development; (2) marketing and collections; and (3) contract servicing and claims.

Crop insurance offered to agricultural producers by the Corporation provides protection from losses caused by natural hazards, such as insect and wildlife damage, plant diseases, fire, drought, flood, wind, and other weather conditions. It does not indemnify producers for losses resulting from negligence or failure to observe good farming practices.

COMMITTEE RECOMMENDATIONS

For administrative and operating expenses of the Federal Crop Insurance Corporation for fiscal year 1986, the Committee recommends an appropriation of \$240,194,000. This is \$39,692,000 more than the amount provided in 1985, \$727,900 more than the budget estimate, and \$39,692,000 more than the amount provided in the House bill. The increase will allow for continued expansion of the crop insurance program.

FCIC FUND

1985 appropriation	\$223,000,000
1986 budget estimate	135,000,000
House allowance	135,000,000
Committee recommendation	135,000,000

The Federal Crop Insurance Act of 1980 authorizes the payment of a Federal subsidy of up to 30 percent of the adjusted insurance premium paid by agricultural producers participating in the program. Subsidies will be paid by the Corporation based upon 30 percent of each producer's premium (reduced, where applicable, for hail and fire exclusion or State agency subsidy) on any coverage under the Corporation's policy of insurance of up to a maximum of 65 percent of the recorded or appraised average yield, as adjusted. This Federal subsidy reduces the participating producers' cost of insuring against loss and encourages the broadest possible participation of agricultural producers in the program.

COMMITTEE RECOMMENDATIONS

For the FCIC fund, the Committee recommends an appropriation of \$135,000,000 for fiscal year 1986. This is the same as the budget estimate, and the amount provided in the House bill, and \$88,000,000 less than the amount available in 1985. The amount provided is sufficient to cover the Federal share of producer premiums for crop year 1985.

COMMODITY CREDIT CORPORATION

The principal operations conducted by the Commodity Credit Corporation are support programs for agricultural commodities, including the storage, handling, and disposition of commodities acquired under the programs; and set-aside or acreage reduction, payment-in-kind, deficiency, disaster, and/or diversion payment programs for feed grains, wheat, rice, and cotton; and special activities, such as those under the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480), which are financed by appropriations authorized by statutes providing for these activities. Under section 4(a) of the Food for Peace Act of 1966, as amended, CCC may finance short-term export credit sales on credit terms not to exceed 3 years under the Export Credit Sales Program. The Corporation is also authorized by section 4(b) of the Food for Peace Act of 1966, as amended, to finance intermediate-term export credit sales in excess of 3 years, but not more than 10 years. The Corporation is further authorized under its charter authority to enter into export guarantee financing arrangements with respect to exported commodities.

Management of the Corporation is vested in a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex-officio director and chairman of the board. The board consists of seven members, in addition to the Secretary, who are appointed by the President of the United States with the advice and consent of the Senate. Officers of the Corporation are designated according to their positions in the Department of Agriculture.

The activities of the Corporation are carried out mainly by the personnel and through the facilities of the Agricultural Stabilization and Conservation Service [ASCS] and the Agricultural Stabilization and Conservation [ASC] State and county committees. The Foreign Agricultural Service—General Sales Manager, other agencies and offices of the Department, and commercial agents are also used to carry out certain phases of the Corporation's activities.

Support of farm prices is accomplished through loans, payments (both in cash and in-kind), and purchases from farmers or processors. Under existing law, CCC is required to support the price of corn, cotton, wheat, rice, peanuts, tobacco, dairy products, honey, wool, mohair, barley, oats, rye, grain sorghum, sugar, soybeans, and seed cotton at levels provided for by law. CCC has to make an offer, open to all producers, to make loans upon or purchase any quantity of these commodities produced which meet eligibility requirements. Additionally, CCC supports the prices of other commodities at the discretion of the Secretary.

The Corporation's capital stock of \$100,000,000 is held by the United States. Under present law up to \$25,000,000,000 may be borrowed from the U.S. Treasury to finance operations.

REIMBURSEMENT FOR NET REALIZED LOSSES

1985 appropriation	\$12,285,790,000
1986 budget estimate	(¹)
House allowance	9,195,240,000
Committee recommendation	(²)

¹ The budget requested a permanent, indefinite appropriation. The amount estimated to be necessary for reimbursement during fiscal year 1986 is \$9,396,240,000.

² The Committee recommendation is a current, indefinite appropriation.

COMMITTEE RECOMMENDATIONS

For reimbursement for net realized losses, the Committee recommends a current, indefinite appropriation. The budget requested a permanent, indefinite appropriation, and the House appropriated \$9,195,240,000. Under the current, indefinite budget authority, it is estimated that at least \$9,396,240,000 will be necessary to reimburse the Corporation for net realized losses.

The Committee does not, under ordinary circumstances, approve indefinite appropriations. However, the current state of affairs in the agricultural economy is far from ordinary. Several overriding issues make a current, indefinite appropriation a justifiable alternative to the potential problems that could occur in fiscal year 1986 if a direct appropriation is provided.

First among the issues is the probability that CCC will acquire a large volume of commodities due to record crops which are projected for the upcoming harvest. CCC has no control over the volume of business it must handle. The relationship of the market price to the support price for each commodity largely determines the volume of that commodity which will be placed under loan or acquired by the CCC. This, in turn, is determined by weather conditions, insect damage, use of fertilizers, and all other factors influencing production. The volume of acquired commodities is also affected by existing supplies, domestic and export demand, the strength or weakness of the dollar, and other factors affecting the market. Dispositions of inventory are governed by the same set of economic factors. These circumstances can cause tremendous variations over relatively short periods of time in the volume of CCC support operations. Due to this year's increased level of uncertainty concerning the volume of commodities to be acquired, and the flexibility needed to react to this volatility, a current, indefinite appropriation is justified.

Second, the Secretary of Agriculture has proposed to establish a 10-year, 20 million acre conservation reserve. Both the House and Senate Agriculture Committees have tentatively approved some form of such a reserve. At least one of the proposals under consideration would call for initial funding from the Commodity Credit Corporation. While the Committee does not favor this approach, it nevertheless recognizes the possibility of its occurrence. This reserve is estimated to cost at least \$1,000,000,000 per year for the 10-year life of the reserve. Depending on the magnitude of the program as it may ultimately be approved, the cost of this program would likely drain the balance of CCC's borrowing

authority if contracts were signed during a particularly volatile time of CCC activity. That would be the least opportune time for CCC to be forced to cease operations as it did in July 1985, as is discussed below.

Third, the Committee recalls that all CCC activities were halted in July 1985, as a pending supplemental appropriations bill, which included funds for reimbursement for net realized losses, was stalled in conference committee. Only an emergency supplemental appropriation bill prevented a lengthier shutdown. Through a current, indefinite appropriation, the Committee hopes to alleviate the need for similar action in fiscal year 1986.

The President's budget requested a permanent, indefinite appropriation. The Committee rejects this proposal because of the diminished oversight it would afford the Committee. In providing a current, indefinite appropriation, and in light of the factors discussed above, the Committee will expect to be more closely and consistently informed as to the status of the Corporation's financial position and its use of the current, indefinite authority. Therefore, the Committee directs the Department to submit to the Committee quarterly reports which include the balance of borrowing authority, the level of net outlays, the level of net realized losses, and any other relevant information concerning the Corporation's financial condition. If a conservation reserve is funded from the CCC, the quarterly reports should detail any activity associated with the funding of the reserve. Further, the Committee directs that the Department notify the Committee each time net realized losses are reimbursed in accordance with the current, indefinite authority provided in this bill.

GENERAL SALES MANAGER

(ALLOTMENT FROM COMMODITY CREDIT CORPORATION)

1985 allotment	(\$6,079,000)
1986 budget estimate.....	(5,882,000)
House allowance.....	(6,089,000)
Committee recommendation	(6,089,000)

The General Sales Manager was established pursuant to section 5(f) of the charter of the Commodity Credit Corporation and 15 United States Code 714-714p. The funds allocated to the General Sales Manager are used for conducting the following programs: (1) CCC Export Credit Guarantee Program (GSM-102), (2) CCC Export Credit Sales Program (GSM-5), (3) Public Law 480, (4) section 416 Overseas Donations Program, and (5) programs authorized by the Commodity Credit Corporation Charter Act including barter, export sales of most CCC-owned commodities, export payments, and other programs as assigned to encourage or cause the export of U.S. agricultural commodities.

COMMITTEE RECOMMENDATIONS

For the General Sales Manager, the Committee recommends a transfer of \$6,089,000 from Commodity Credit Corporation funds, an increase of \$10,000 over the amount available for fiscal year 1985. This is

the same level provided by the House and \$207,000 more than the budget estimate.

The increase of \$207,000 above the budget request reflects restoration of the 5-percent pay reduction which has not been enacted into law. The amended budget request which was received on July 29, 1984, (House Doc. 99-89) and which reflected the pay adjustments, did not include an increase for the General Sales Manager.

EXPORT CREDITS

An important factor associated with the economic health of U.S. agriculture is the level of exports. Crops from nearly 40 percent of our harvested acres are exported. For some of our major crops, over one-half of the production goes overseas. Producers of other major commodities depend on international markets for over one-third of their sales. With this tremendous dependence on exports, it is no surprise that loss of market share, as experienced in the last few years, has significantly contributed to a depressed agricultural economy. This has resulted in stock accumulations, declining commodity prices, and increased farm program costs.

The alarming trend we are witnessing for agricultural exports must be turned around in order to improve the financial stability and outlook of the U.S. agricultural industry. In this regard, the Committee views export credits as effective mechanisms for regaining foreign markets. These programs help offset problems of the strong dollar, export subsidies provided by competing nations, and other factors that have eroded the U.S. market share.

The Committee expects USDA to utilize export credit programs to the fullest extent possible to expand U.S. agricultural trade opportunities. No less than \$5,000,000,000 in short-term export credit guarantees should be made available in fiscal year 1986. Such guarantees, on terms of up to 3 years, should take into account (a) the credit needs and credit worthiness of countries that are potential purchasers of U.S. agricultural commodities and (b) whether the availability of guarantees would improve the competitive position of U.S. agricultural exports.

In addition to these short-term guarantees, the Committee will expect the Department to utilize intermediate credit guarantees. The Secretary is encouraged to guarantee sales to purchasers from friendly nations that were previous recipients of credit under title I of Public Law 480, and to purchasers unable to utilize Department of Agriculture short-term export credit options.

A number of other programs have also been assigned to the Department of Agriculture to encourage or cause the export of U.S. agricultural commodities. The Committee recommends that top priority be given to all of these export enhancement programs so an effective, coordinated effort results. It is vital to American agriculture that export markets be expanded.

TITLE II—RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS

RURAL DEVELOPMENT ASSISTANCE

OFFICE OF THE UNDER SECRETARY FOR SMALL COMMUNITY AND RURAL DEVELOPMENT

1985 appropriation	(1)
1986 budget estimate.....	(1)
House allowance.....	\$415,000
Committee recommendation	(1)

¹ Included in Office of the Secretary.

In concurring with the budget request, the Committee includes the Office of the Under Secretary for Small Community and Rural Development in the account for the Office of the Secretary. Please refer to that account on page 7 for further details.

OFFICE OF RURAL DEVELOPMENT POLICY

1985 appropriation	\$2,345,000
1986 budget estimate.....	2,246,000
House allowance.....	2,037,000
Committee recommendation	

The Office of Rural Development Policy [ORDP] was established by Secretary's memorandum No. 1020-3, which transferred the Department's rural development policy function from the Farmers Home Administration [FmHA] to the Director, Office of Rural Development Policy.

The primary responsibility of this Office is expressed in sections 603 and 607 of the Rural Development Act of 1972, as amended by the Rural Development Policy Act of 1980, which directs that the Secretary of Agriculture assume responsibility for leadership and coordination of a Nationwide Rural Development Program utilizing the resources of all Federal departments and agencies in coordination with State and local government rural development programs. The means specified in the amendment by which the Secretary will develop and implement this Nationwide Rural Development Program is the annual preparation and implementation of a national rural development strategy for: (a) identifying emerging rural issues and needs on an ongoing basis; (b) strengthening the State and local government role in rural development; (c) developing and implementing policy guidelines that can provide sound government program direction for service to rural America; and (d) encouraging the private sector to expand their role in rural development.

COMMITTEE RECOMMENDATIONS

For the Office of Rural Development Policy, the Committee recommends no appropriation. This is \$2,246,000 less than the budget request, \$2,037,000 less than the amount provided in the House bill, and \$2,345,000 less than was available for ORDP in fiscal year 1985.

The deletion of funding for the Office of Rural Development Policy should in no way be construed as a lessening of the Committee's support for rural development. Nor should it be interpreted as diminished support for a coordinated rural development policy mechanism in the Department. On the contrary, this Committee has consistently supported the rural development programs of the Department. That support has not waned. Although the Committee feels that ORDP has provided an important contribution in the publishing of its "Rural Development Strategy," the "Rural Resources Guide," and other related documents, the Office now provides services which duplicate other departmental efforts.

It should be noted at the outset that ORDP has no programs or agencies under its jurisdiction. Therefore, the absence of funding for ORDP will not deter the policy direction nor the delivery system for rural development.

By eliminating ORDP, the Committee intends that the rural development policy coordination function will revert to the Office of the Secretary. The Secretary has statutory responsibility for this function, and had set up ORDP to coordinate departmental rural development efforts and to serve as a staff for the National Advisory Council on Rural Development. The Committee feels that the Secretary's office is well-enough staffed and equipped to carry out the coordination function, and a full-time staff for the Advisory Council is not necessary, now that only annual revisions are necessary for the rural development strategy.

Most of the research and statistics used by ORDP are generated by the Economic Research Service [ERS]. ERS has begun publication of a periodical entitled, "Rural Development Perspectives." This periodical contains articles on trends, issues, and problems facing rural America, and it includes practical articles for local public administrators. Such analysis and dissemination of ERS economic research and its effect on rural development seem to accomplish one of the primary goals of ORDP. The fact that all the work associated with this publication was coordinated by ERS is further justification for the elimination of ORDP. The Committee will expect ERS to continue emphasis on research related to rural development.

ORDP also conducts selected model rural development projects. The Committee has provided increased funding for the regional rural development centers under the Cooperative State Research Service [CSRS] and the Extension Service. The Committee believes that these centers, because of their regional nature, are more suited to choosing which models could enhance and encourage rural development in their regions.

In light of the Committee's decision regarding the Office of Rural Development Policy, the Committee believes the work started by the Center for Rural Studies at the University of Vermont to identify barriers in the delivery of Federal programs to rural areas, should be continued out of funds made available in this bill.

FARMERS HOME ADMINISTRATION

The Farmers Home Administration provides credit for those in rural America who are unable to get credit from other sources at reasonable rates and terms. The agency also administers several grant programs.

The agency operates principally under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921) and title V of the Housing Act of 1949 (42 U.S.C. 1471).

The Farmers Home Administration makes loans from funds borrowed from the U.S. Treasury and from sales of certificates of beneficial ownership to the Federal Financing Bank [FFB].

COMMITTEE RECOMMENDATIONS

The following table reflects the loan and grant program levels of programs administered by the agency in 1985, proposed in the budget for 1986, reflected in the House bill, and recommended by the Committee:

LOAN AND GRANT LEVELS

[In millions of dollars]

	1985 level	1986 budget	House bill	Committee recommendation
TYPE OF LOAN				
Rural Housing Insurance Fund:				
Low-income housing loans (sec. 502) ...	2,300.0	30.0	2,300.0	1,380.0
Rural housing site development (sec. 524)	1.0		1.0	.6
Rural rental housing (sec. 515)	900.0		900.0	540.0
Very low-income housing repair (sec. 504)	17.0		17.0	10.2
Domestic farm labor (sec. 514)	20.0		20.0	12.0
Rural rental assistance payments	116.0	50.0	198.0	132.5
Subtotal, Rural Housing Insurance Fund	3,354.0	80.0	3,436.0	2,075.3
Self-help Housing Land Development Fund	2.7			
Agricultural Credit Insurance Fund:				
Farm ownership (insured)	650.0		500.0	250.0
Farm ownership (guaranteed)	¹ 50.0		200.0	250.0
Farm operating (insured)	² 1,920.0	400.0	1,920.0	3,000.0
Farm operating (guaranteed)	³ 500.0	3,000.0	1,480.0	1,772.0
Soil and water (insured)	22.0		22.0	22.0
Soil and water (guaranteed)	6.0		6.0	6.0

See footnotes at end of table.

LOAN AND GRANT LEVELS—Continued

[In millions of dollars]

	1985 level	1986 budget	House bill	Committee recommendation
TYPE OF LOAN—Continued				
Agricultural Credit Insurance Fund—Con.				
Indian land acquisition	4.0		4.0	4.0
Soil conservation loans	16.0		16.0	16.0
Subtotal, Agricultural Credit Insurance Fund	² 3,168.0	3,400.0	4,148.0	5,320.0
Rural Development Insurance Fund:				
Water and waste disposal loans	340.0	50.0	340.0	340.0
Community facility loans	115.0		115.0	75.0
Industrial development loans (guaranteed)	⁴ 150.0		100.0	100.0
Subtotal, Rural Development Insurance Fund	605.0	50.0	555.0	515.0
TYPE OF GRANT				
Water and waste disposal	115.0	25.0	115.0	115.0
Farm labor housing	(⁵)			10.0
Mutual and self-help housing	8.0		8.0	8.0
Home repair (sec. 504)	12.5		12.5	12.5
Rural community fire protection	3.25		3.25	3.25
Compensation for construction defects	1.0		1.0	.5
Rural rental assistance payments	52.25			
Rural housing preservation grants	5.0		(⁶)	(⁶)

¹Excludes transfer of \$18,000,000 from the Operating Loan Program. In total, the Guaranteed Farm Ownership Loan Program had \$68,000,000 available in fiscal year 1985.

²Excludes \$1,680,000,000 transferred from the Emergency Disaster Loan Program. In total, the Insured Operating Loan Program had \$3,600,000,000 available in fiscal year 1985.

³Excludes \$460,000,000 transferred from the Emergency Disaster Loan Program and \$80,000,000 transferred from the Business and Industrial Development Loan Program. Also excludes \$150,000,000 included in a fiscal year 1984 supplemental appropriation, which was made available through fiscal year 1985, of which \$18,000,000 was subsequently transferred to the Farm Ownership Loan Program. In total, the Guaranteed Operating Loan Program had \$1,172,000,000 available in fiscal year 1985.

⁴\$80,000,000 was subsequently transferred to the Guaranteed Operating Loan Program.

⁵\$11,035,857 was available for this program in fiscal year 1985 from unobligated balances.

⁶Provides that \$20,000,000 appropriated in previous appropriations bills shall remain available through fiscal year 1986.

RURAL HOUSING INSURANCE FUND

The Rural Housing Insurance Fund was established under the authority contained in section 1003(a) of the Housing and Urban Development Act of 1965 (Public Law 89-117), approved August 10, 1965. Public Law 89-117 authorized an appropriation of such sums as may be necessary for the purposes of the fund. An appropriation of \$100,000,000 was provided by the Supplemental Appropriations Act, 1966 (Public Law 89-309) to capitalize the fund for future operations.

This fund may be used to insure or guarantee rural housing loans, loans for rural rental and cooperative housing, farm labor housing loans, rural housing site loans and mobile home park loans. Beginning in fiscal year 1978, rental assistance payments were made from the fund. Loan programs are limited to rural areas which include towns, vil-

lages and other places of not more than 10,000 population, which are not part of an urban area, and areas with a population in excess of 10,000 but less than 20,000 if such area is not included in a standard metropolitan statistical area and has a serious lack of mortgage credit for low and moderate income borrowers.

This fund provides a variety of loans, within the income categories mentioned, including the following low-income housing assistance: subsidized loans for repairs, general purpose loans, domestic farm labor loans, and rental or cooperative loans. Unsubsidized loans for low-income persons include general purpose loans and site loans.

DIRECT LOANS

1985 loan level	(\$17,000,000)
1986 budget estimate.....	
House allowance.....	(17,000,000)
Committee recommendation	(10,200,000)

Direct rural housing loans to individuals with very low income may be made on farms, in the open country, and in towns of not more than 10,000 population that are rural in character. These loans may also be made in towns of 10,000-20,000 population that are not located within standard metropolitan statistical areas, and have a serious lack of mortgage credit.

Direct loans may be made to eligible very low-income applicants who are owners of farms or nonfarm rural property, for the purpose of improving or modernizing a rural dwelling, making the dwellings safer or more sanitary, or removing hazards. The Secretary determines the maximum amount of the loan. These secured loans are made at 1 percent interest and are repayable within 20 years, except that a loan for less than \$2,500 need only be secured by a promissory note.

COMMITTEE RECOMMENDATIONS

The Committee recommends that \$10,200,000 be provided for direct loans in 1986. This is \$6,800,000 less than fiscal year 1985, \$6,800,000 less than the House bill, and \$10,200,000 more than the budget estimate. This is consistent with the budget resolution, as described under the "Insured Loans" account following.

INSURED LOANS

1985 loan level	(\$3,221,000,000)
1986 budget estimate.....	(30,000,000)
House allowance.....	(3,221,000,000)
Committee recommendation	(1,932,600,000)

COMMITTEE RECOMMENDATIONS

For insured loans for fiscal year 1986, the Committee recommends a level of \$1,932,600,000. This is \$1,288,400,000 less than the amount that was available for fiscal year 1985, \$1,902,600,000 more than the budget request, and \$1,288,400,000 less than the amount provided in the House bill.

The table at the beginning of the Farmers Home Administration section of this report illustrates the distribution of these funds among the various housing programs.

During consideration of the first concurrent budget resolution, many hours of intense discussion and debate were consumed on the issue of rural housing. The administration had proposed to terminate rural housing programs of FmHA and transfer rental assistance programs to the Department of Housing and Urban Development [HUD]. Those in the Senate who recognized the immeasurable value of the rural housing programs resisted these changes, and in the Senate-passed budget resolution, were successful in keeping the single-family and multifamily loan programs alive in FmHA, although the loan levels would have been approximately 55 percent below current levels.

After further negotiations, which took place in the conference committee on the budget resolution, it was agreed that rural housing program costs should be decreased by approximately 40 percent rather than 55 percent as provided in the Senate-passed resolution. Although that decision was agreed upon by both the House and Senate conferees, the Committee is aware that there remains a disagreement as to how that 40 percent savings is to be achieved. As the Committee understands the differing positions, the House Budget Committee assumes a 30-percent cut in loan levels and additional savings to be achieved through the sale of Rural Housing Insurance Fund assets. The Senate Budget Committee assumes a 40-percent reduction in loan levels with a small portion of savings to be achieved through the sale of assets.

When the House of Representatives considered the Agriculture appropriations bill, action on the budget resolution had not been completed. As a result, there were no agreed-upon limitations on amounts to be appropriated in the bill. The House provided funding levels for rural housing loan programs at the same levels provided in fiscal year 1985.

The Senate Appropriations Committee, in an extremely difficult action, reluctantly recommends providing rural housing loan levels commensurate with the assumptions of the Senate Budget Committee. This should in no way be construed as a diminished interest in rural housing by the Committee. Instead, it is a recognition of the desperate need to reduce the Federal budget deficit, and an effort to abide by the limitations previously set by the Congress.

The Committee directs the Department to tighten the restrictions on construction near urban areas. The Committee is aware of FmHA-financed construction too closely located to urban areas to be fairly considered to be rural housing. The Committee expects to be informed of progress toward resolving this problem.

RENT SUPPLEMENT AUTHORIZATION

1985 authorization.....	(\$116,000,000)
1986 budget estimate.....	(50,000,000)
House allowance.....	(198,000,000)
Committee recommendation	(132,513,000)

The Housing and Community Development Act of 1976 established a Rural Rental Assistance Program to be administered by Farmers Home Administration through the Rural Housing Insurance Fund.

The objective of the program is to reduce rents paid by low-income families living in FmHA-financed rental projects and farm labor housing projects. Under this program, low-income tenants will contribute the higher of (1) 30 percent of monthly adjusted income, (2) 10 percent of monthly income, or (3) designated housing payments from a welfare agency.

Payments from the fund are made to the project owner to make up the difference between the tenant's payment and the approved rental rate established for the unit.

COMMITTEE RECOMMENDATIONS

For rural rental assistance, the Committee recommends an authorization of \$132,513,000, which is \$65,487,000 less than the House allowance \$16,513,000 more than the amount provided in fiscal year 1985, and \$82,513,000 above the budget request.

As described in the explanation above, rental assistance contracts are used in conjunction with the section 515 loan program to provide assurance to project owners that they will have sufficient income to make their projects financially sound. This, in turn, assures FmHA that the section 515 loan made to that project will be repaid. Therefore, the Committee believes that it is in the best interest of the Federal Government to provide sufficient authority to renew these contracts.

The Committee recommendation is based on the estimate of contract renewals to be funded (11,473) multiplied by the average estimated cost of the individual contracts (\$11,550). This will allow the Department to continue the practice of notifying current contract holders of their renewal 3 months in advance of contract expiration. Therefore, funds may be obligated in fiscal year 1986 for contracts which will not actually expire until the first quarter of fiscal year 1987. If the actual number of renewals to be funded by this appropriation is fewer than 11,473, the Committee intends that the balance of units be allocated to new construction.

For accounting purposes, obligations are incurred in the first year of a contract, based on the estimated cost of the contract over its 5-year life. In some cases, the actual costs incurred do not utilize the full amount of funds obligated. This usually occurs because smaller subsidies are needed in areas with lower expenses, such as utility costs. In these cases, the remaining funds, which have been obligated but not expended, are not eligible to be utilized for further rental assistance because of the manner in which the bill language has been written for this

appropriation. To alleviate this problem, the Committee has substituted bill language which (1) deletes the restriction on the number of units to be funded by this appropriation, and (2) allows unobligated funds from expiring contracts to be utilized for further rental assistance.

REIMBURSEMENT FOR INTEREST SUBSIDIES AND OTHER LOSSES

1985 appropriation.....	\$1,843,927,000
1986 budget estimate.....	2,136,784,000
House allowance.....	1,843,927,000
Committee recommendation.....	2,136,784,000

This appropriation will be used to reimburse the Rural Housing Insurance Fund for funded interest subsidies and losses incurred in fiscal year 1984. Section 521(c)(1) of the Housing Act of 1949, as amended, authorizes annual appropriations to the Rural Housing Insurance Fund of the amounts by which interest payments made from the fund to investors in insured loans exceed the interest due from borrowers. In addition, section 517(e) of the act authorizes appropriations to restore all other losses to the fund. The amount requested is exclusive of provision for future losses, unfunded costs, and imputed interest.

COMMITTEE RECOMMENDATIONS

For reimbursement for interest subsidies and other losses for fiscal year 1986, the Committee recommends an appropriation of \$2,136,784,000. This is \$292,857,000 more than was provided in 1985, the same as the budget estimate, and \$292,857,000 more than the amount provided in the House bill.

SELF-HELP HOUSING LAND DEVELOPMENT FUND

1985 appropriation.....	(\$2,700,000)
1986 budget estimate.....	
House allowance.....	
Committee recommendation.....	

This fund was authorized by Public Law 90-488, approved August 1, 1968. It is used as a revolving fund for making loans to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to eligible families, nonprofit organizations, and cooperatives.

COMMITTEE RECOMMENDATIONS

The Committee recommends that no funds be made available for self-help housing land development loans in fiscal year 1986. This is consistent with the 1986 budget estimate and the House recommendation. It is \$2,700,000 less than the 1985 appropriation.

AGRICULTURAL CREDIT INSURANCE FUND

The Agricultural Credit Insurance Fund is used to insure or guarantee farm ownership, soil and water, recreation, farm operating, and emergency loans to individuals, as well as the following types of loans to as-

sociations: irrigation and drainage, grazing, recreation, Indian tribe land acquisition, watershed protection, flood prevention, and resource conservation and development. The insurance endorsement on each insured loan may include an agreement by the Government to purchase the loan after a specified initial period.

Loans may be made by the fund from available receipts or Treasury borrowings. Loans made by the fund are held in a pool as security for certificates of beneficial ownership which are sold primarily to the Federal Financing Bank. FmHA is also authorized to provide financial assistance to borrowers by guaranteeing loans made by private lenders having a contract of guarantee from FmHA as approved by the Secretary of Agriculture.

The following programs are financed through this fund:

Farm ownership loans.—Made to borrowers who cannot obtain credit elsewhere to improve or purchase farms, refinance nonfarm enterprises or make additions to farms.

Farm operating loans.—Provide short-to-intermediate term production or chattel credit to farmers who cannot obtain credit elsewhere.

Emergency disaster loans.—Made to farmers in Presidentially or Secretarially designated disaster areas to restore production.

Economic emergency loans.—Make financial assistance available during the period authorized by Public Law 96-220, (authority expired September 30, 1981), in the form of loans insured or guaranteed by FmHA for bona fide farmers and ranchers who are primarily and directly engaged in agricultural production. This will enable them to continue their normal farming or ranching operations during the economic emergency which has caused a lack of agricultural credit due to national or areawide economic stress such as a general tightening of agricultural credit or an unfavorable relationship between production costs and prices received for agricultural commodities.

Soil and water conservation loans.—Made to associations, farmers, ranchers and nonoperator owners for land and water development, use and conservation.

Grazing loans.—Generally made to associations of three or more ranchers for the purchase of grazing land to permit expansion of herds.

Indian tribe land acquisition loans.—Made to qualified Indian tribes or tribal corporations to acquire land or interests in land within the tribes' reservations or Alaskan Indian community, as determined by the Secretary of the Interior.

Recreation loans.—Made to farmers and ranchers for converting all or a portion of the farms or ranches they own or operate to outdoor income-producing recreation enterprises which will supplement or supplant farm income and permit carrying on sound and successful operations.

Watershed protection and flood prevention loans.—Made to sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations for installing or repairing works of improvement and water storage facilities, purchasing sites of rights-of-way, and covering related costs.

Resource conservation and development loans.—Made to sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations and individuals for planned conservation measures and works of improvement as specified in approved work plans.

REAL ESTATE LOANS

	Insured	Guaranteed	Total
1985 loan level	(\$676,000,000)	¹ (\$56,000,000)	(\$732,000,000)
1986 budget estimate			
House allowance.....	(526,000,000)	(206,000,000)	(732,000,000)
Committee recommendation	(276,000,000)	(256,000,000)	(532,000,000)

¹Excludes \$18,000,000 transferred from the Guaranteed Operating Loan Program. In total, \$74,000,000 was available for guaranteed real estate loans.

Included in this account are the following real estate loans to individuals: Farm ownership loans, soil and water loans, and Indian tribe land acquisition.

COMMITTEE RECOMMENDATIONS

For fiscal year 1986, the Committee is recommending a total program level of \$532,000,000 for real estate loans. This is \$200,000,000 below the amount provided in fiscal year 1985 appropriations, \$200,000,000 below the amount provided by the House, and \$532,000,000 more than the budget request. Within this program level, \$276,000,000 is recommended for insured loans, including \$250,000,000 for insured farm ownership loans, \$22,000,000 for insured soil and water loans, and \$4,000,000 for Indian land acquisition loans. Also within the program level, \$256,000,000 is recommended for guaranteed loans, including \$250,000,000 for guaranteed farm ownership loans, and \$6,000,000 for guaranteed soil and water loans.

OPERATING LOANS

	Insured	Guaranteed	Total
1985 loan level	¹ (\$1,920,000,000)	² (\$500,000,000)	(\$2,420,000,000)
1986 budget estimate	(400,000,000)	(3,000,000,000)	(3,400,000,000)
House allowance.....	(1,920,000,000)	(1,480,000,000)	(3,400,000,000)
Committee recommendation	(3,000,000,000)	(1,772,000,000)	(4,772,000,000)

¹Excludes \$1,680,000,000 transferred from the Emergency Disaster Loan Program. In total, \$3,600,000,000 was available in fiscal year 1985 for the Insured Operating Loan Program.

²Excludes \$460,000,000 transferred from the Emergency Disaster Loan Program and \$80,000,000 transferred from the Business and Industrial Development Loan Program. Also excludes \$150,000,000 included in a fiscal year 1984 supplemental appropriation which was made available through fiscal year 1985, of which \$18,000,000 was subsequently transferred to the Farm Ownership Loan Program. In total, \$1,172,000,000 was available in fiscal year 1985 for the Guaranteed Operating Loan Program.

Subtitle B of the Consolidated Farm and Rural Development Act contains the authorization for insured and guaranteed operating loans. Operating loans made by the Farmers Home Administration are accompanied by supervisory assistance in farm and financial management. Operating credit is needed by family farmers throughout the United States who are unable to obtain credit from private and cooperative

sources to develop or maintain a reasonable standard of living. The use of operating loan funds for this purpose helps to provide opportunity for farm operators and encourages farm families to remain in rural areas. The Rural Development Act of 1972 authorized operating loans to be made on an insured and guaranteed basis.

COMMITTEE RECOMMENDATIONS

For fiscal year 1986, the Committee is recommending a total program level of \$4,772,000,000 for operating loans. This is \$1,372,000,000 above the budget request, \$1,372,000,000 above the amount provided by the House, and \$2,352,000,000 above the initial appropriation for fiscal year 1985, although it is the same as the total amount available in fiscal year 1985 after transfers and a prior-year supplemental appropriation are added. Within the total program level, \$3,000,000,000 is recommended for insured operating loans, and \$1,772,000,000 is recommended for guaranteed operating loans. This will begin a shift toward less direct and more guaranteed operating loans made by FmHA.

SOIL CONSERVATION LOANS

1985 loan level	(\$16,000,000)
1986 budget estimate.....	
House allowance.....	(16,000,000)
Committee recommendation	(16,000,000)

Public Law 92-419, approved August 30, 1972, provided for making insured loans for watershed works of improvement, flood prevention, and resource conservation and development.

Watershed and flood prevention loans are made to local organizations for installing or repairing works of improvement and water storage facilities, purchasing sites or rights-of-way, and covering related costs. Loans are repayable in not more than 50 years at an interest rate based on specific outstanding obligations of the Treasury.

Resource conservation and development loans are made to sponsors of projects approved for operation by the Soil Conservation Service. Such loans are repayable in not more than 30 years with repayment of principal and interest deferred up to 5 years if necessary. These loans bear interest at a rate based on the average rate paid by similar Treasury issues.

COMMITTEE RECOMMENDATION

For soil conservation loans, the Committee recommends \$16,000,000 including \$14,000,000 for watershed and flood prevention loans and \$2,000,000 for resource conservation and development loans. This is the same as provided in fiscal year 1985, and it is the same as the House allowance. The President's budget requested no funding for this program.

EMERGENCY DISASTER LOANS

Emergency loans are made available in designated areas where a natural disaster has caused a temporary general need for agricultural credit which cannot be met by private, cooperative, or other responsible sources, including the Farmers Home Administration in its regular loan programs. Emergency loans are made to established eligible farmers, ranchers, and aquaculture operators and to private domestic corporations or partnerships engaged primarily in agricultural or aquacultural production. Emergency loans are made primarily for financing farm operating needs, family living expenses, and a number of closely related purposes and are not to exceed otherwise unreimbursed losses attributable to natural disasters.

REIMBURSEMENT FOR INTEREST SUBSIDIES AND OTHER LOSSES

1985 appropriation	\$1,089,943,000
1986 budget estimate	1,477,565,000
House allowance	1,089,943,000
Committee recommendation	1,477,565,000

The amount requested will reimburse the Agricultural Credit Insurance Fund for interest subsidies and losses incurred through September 30, 1984. Losses result primarily from (1) writeoff of uncollectable loans and (2) interest costs incurred because of the difference between interest rates charged to borrowers and the rate which the Government must pay for its own borrowing.

COMMITTEE RECOMMENDATIONS

For reimbursement for interest subsidies and other losses for fiscal year 1986, the Committee recommends an appropriation of \$1,477,565,000. This is \$387,622,000 more than was provided in 1985, the same as the budget estimate and \$387,622,000 more than was provided in the House bill.

RURAL DEVELOPMENT INSURANCE FUND

The Rural Development Insurance Fund was established on October 1, 1972, pursuant to section 309(A) of the Rural Development Act of 1972 (Public Law 92-419), which also provided for transfer of the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities to this fund.

The fund is used to insure or guarantee loans for water systems and waste disposal facilities, development of rural business, community facilities, and industrial development in rural areas.

WATER AND WASTE DISPOSAL LOANS

1985 loan level	(\$340,000,000)
1986 budget estimate	(50,000,000)
House allowance	(340,000,000)
Committee recommendation	(340,000,000)

Loans are made to organizations including certain Indian tribes and corporations not operated for profit, and public and quasi-public agencies, for the development of storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

COMMITTEE RECOMMENDATIONS

For water and waste disposal loans for fiscal year 1986, the Committee recommends a level of \$340,000,000. This is \$290,000,000 more than the budget estimate, the same as the level available in 1985, and the same as the amount provided in the House bill.

INDUSTRIAL DEVELOPMENT LOANS

1985 loan level	¹ (\$150,000,000)
1986 budget estimate.....	
House allowance.....	(100,000,000)
Committee recommendation	(100,000,000)

¹ \$80,000,000 was subsequently transferred to the Guaranteed Operating Loan Program.

These loans are made to public, private, or cooperative organizations organized for profit or nonprofit, to certain Indian tribes, or to individuals for the purpose of improving the economic and environmental climate in rural areas. Such purposes include financing business and industrial acquisition, construction, conversion, enlargement, repair or modernization; financing the purchase and development of land, easements, rights-of-way, buildings, equipment, facilities, leases, machinery, supplies and materials; and paying start-up costs and supplying working capital. Industrial development loans may be made in any area that is not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile. Special consideration for such loans is given to rural areas and cities having a population of 25,000 or less. Loans may be guaranteed by FmHA not to exceed 90 percent of the loss. Guaranteed loans are repayable in not more than 30 years, depending on the loan purpose, and bear interest at a rate agreed upon by the lender and borrower.

COMMITTEE RECOMMENDATIONS

For guaranteed industrial development loans for fiscal year 1986, the Committee recommends a level of \$100,000,000. This is \$50,000,000 less than what was provided in 1985 and the same amount as provided in the House bill. No request was made by the administration.

For those getting started in agriculture and for many who are working to maintain their farming operations, the availability of off-farm employment is crucial. The industrial loan program has proven highly successful in the past at attracting and maintaining employment opportunities in rural areas. The Committee believes that every effort must be made to see to it that rural businesses have access to this program and that the timeliness of loan processing be improved. To that end,

the Committee will expect that loan approval authority for industrial development loans of up to \$1,000,000 be returned to the FmHA State directors.

The Committee will expect funds to continue to be made available for alcohol fuel production facility loans.

While this program has provided badly needed job opportunities and economic development in rural America, it has also produced one of the highest delinquency rates of any program in FmHA. The Inspector General has identified this program as a primary example of problems associated with lender violations of loan guarantee agreements. These violations have been a major contributing factor in the losses incurred by the Business and Industrial Loan Program. The Committee expects FmHA to provide greater oversight and servicing to these loan agreements.

COMMUNITY FACILITY LOANS

1985 loan level	(\$115,000,000)
1986 budget estimate	
House allowance	(115,000,000)
Committee recommendation	(75,000,000)

Loans are made to organizations, including certain Indian tribes and corporations not operated for profit, and public and quasi-public agencies, to construct, enlarge, extend, or otherwise improve community facilities providing essential services to rural residents. Such facilities include those providing or supporting overall community development such as fire and rescue services, health care, hydroelectric generation, and community, social, cultural, and recreational benefits. Loans are made for facilities which primarily serve rural residents of open country and rural towns and villages of not more than 20,000 population.

COMMITTEE RECOMMENDATIONS

For community facility loans for fiscal year 1986, the Committee recommends a level of \$75,000,000. This is \$40,000,000 less than the amount provided in 1985, and \$40,000,000 less than the House allowance. There was no budget request for these loans.

REIMBURSEMENT FOR INTEREST SUBSIDIES AND LOSSES

1985 appropriation	\$560,005,000
1986 budget estimate	612,098,000
House allowance	560,005,000
Committee recommendation	612,098,000

This appropriation is to reimburse the Rural Development Insurance Fund for funded interest subsidies and losses incurred in fiscal year 1984.

COMMITTEE RECOMMENDATIONS

For reimbursement for interest subsidies and losses for the Rural Development Insurance Fund, the Committee recommends an appropriation of \$612,098,000. This is \$52,093,000 more than was provided in

1985 and in the House bill and the same amount as in the budget request.

RURAL GRANT PROGRAMS

RURAL WATER AND WASTE DISPOSAL GRANTS

1985 appropriation	\$115,000,000
1986 budget estimate.....	25,000,000
House allowance	115,000,000
Committee recommendation	115,000,000

This Grant Program is authorized by section 306 of the Consolidated Farm and Rural Development Act. Grants are authorized to be made to associations, including nonprofit corporations, public and quasi-public agencies, and certain Indian tribes, to finance specific projects for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

COMMITTEE RECOMMENDATIONS

The Committee recognizes that one of the greatest potential health hazards in rural areas is the lack of adequate, safe drinking water and inadequate sewage treatment. The Committee recommends an appropriation of \$115,000,000 for rural water and waste disposal grants. This is the same as the amount provided in the House bill, the same as the level provided in fiscal year 1985, and \$90,000,000 more than the budget estimate.

The Committee is aware that there are a number of communities faced with the possibility of losing their water supply system, because it does not meet the requirements of the Safe Drinking Water Act. The Committee expects the Department to give the highest priority to these communities in making water and waste disposal grants.

VERY LOW-INCOME HOUSING REPAIR GRANTS

1985 appropriation	\$12,500,000
1986 budget estimate.....	
House allowance	12,500,000
Committee recommendation	12,500,000

This Grant Program is authorized under section 504 of title V of the Housing Act of 1949, as amended. The Rural Housing Repair Grant Program is carried out by making grants for very low-income elderly owner-occupants to make necessary repairs to their homes in order to make such dwellings safe and sanitary, and remove hazards to the health of the occupants, their families, or the community. Such grants may be made to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, installing screens, repairing or providing structural supports, or making similar repairs, additions, or improvements including all preliminary and installation costs in obtaining central water and sewer service. A grant is usually in combination with a section 504 very low-income housing repair loan.

The Secretary will determine the maximum amount of grant or combination of loan and grant.

COMMITTEE RECOMMENDATIONS

For very low-income housing repair grants for fiscal year 1986, the Committee recommends an appropriation of \$12,500,000. This is the same as the amount provided in 1985, the same as the amount provided in the House bill, and \$12,500,000 more than the budget estimate.

GRANTS FOR RURAL HOUSING FOR DOMESTIC FARM LABOR

1985 appropriation.....	(1)
1986 budget estimate.....	
House allowance.....	
Committee recommendation.....	\$10,000,000

¹ \$11,035,657 was available in fiscal year 1985 from unobligated balances.

Financial assistance in the form of grants is authorized to public or private nonprofit organizations or other eligible organizations for low-rent housing and related facilities for domestic farm labor.

Under section 516 of the Housing Act of 1949, FmHA is authorized to share with States or other political subdivisions, public or private nonprofit organizations, or nonprofit organizations of farmworkers, the cost of providing low-rent housing, basic household furnishings, and related facilities to be used by domestic farm laborers. Such housing may be for year-round or seasonal occupancy and consist of family units, apartments, or dormitory-type units, constructed in an economical manner, and not of elaborate or extravagant design or materials. Grant assistance may not exceed 90 percent of the total development cost. Applicants furnish as much of the development cost as they can afford by using their own resources, by borrowing either directly from private sources, or by obtaining an insured loan under section 514 of the Housing Act. The applicant must agree to charge rentals which do not exceed amounts approved by the Secretary, maintain the housing at all times in a safe and sanitary condition, and give occupancy preference to domestic farm laborers.

The obligations incurred by the applicant as a condition of the grant continue for 50 years from the date of the grant unless sooner terminated by the Farmers Home Administration. Grant obligations are secured by a mortgage on the housing or other security. In the event of default, the Farmers Home Administration has the option to require repayment of the grant.

COMMITTEE RECOMMENDATIONS

For grants for rural housing for domestic farm labor for fiscal year 1986, the Committee recommends \$10,000,000. There was no new appropriation in fiscal year 1985 because of a carryover from the previous year of \$11,036,000; there was no budget request for fiscal year 1986, nor was there any provision in the House bill. Consistent with past years, the Committee recommends making this appropriation available until expended.

The Committee directs that 10 percent of these funds be used to encourage the development of domestic and farm labor housing projects, in accordance with section 516(i) of the Housing Act of 1949, as amended.

MUTUAL AND SELF-HELP HOUSING GRANTS

1985 appropriation	\$8,000,000
1986 budget estimate	
House allowance	8,000,000
Committee recommendation	8,000,000

This grant program was authorized by Public Law 90-448, approved August 1, 1968. Grants are made to local organizations to promote the development of mutual or self-help housing programs under which groups of usually 6 to 10 families build their own homes by mutually exchanging labor. Funds may be used to pay the cost of construction supervisors who will work with families to guide them in the construction of their homes and for administrative expenses of the organizations providing the self-help assistance.

COMMITTEE RECOMMENDATIONS

For mutual and self-help housing grants for fiscal year 1986, the Committee recommends an appropriation of \$8,000,000. This is the same as the level provided in 1985 and the same as the amount provided in the House bill. No appropriation was requested by the administration.

The Committee believes that the self-help method is one of the most productive uses of Government assistance. Through this program, citizens have the opportunity not only to have pride in the fact that they are homeowners, but also to have pride in knowing that they themselves built that home, and helped others to build theirs.

The self-help housing program provides great benefits both to prospective homeowners and the Federal Government. A Farmers Home study gives evidence that this is a cost-effective program that works. Houses constructed by the self-help method cost an average of \$10,115 less than contractor-built homes. The average self-help technical assistance grant cost is \$4,915 per house; therefore, the Federal Government saves \$5,200 per house (the difference between the savings in house cost and the cost of the technical assistance grant). Furthermore, at an average mortgage rate of 3 percent, the annual interest credit savings on a section 502 loan is \$938 per year. In 5 years, the interest credit savings will exceed the cost to the Government for the technical assistance grant.

The Committee directs FmHA to continue utilizing regional contracts for self-help housing management and technical assistance. By entering into these contracts with nonprofit organizations, FmHA staff is relieved from providing the consistent management necessary to operate this program most effectively.

RURAL COMMUNITY FIRE PROTECTION GRANTS

1985 appropriation	\$3,250,000
1986 budget estimate.....	
House allowance.....	3,250,000
Committee recommendation	3,250,000

This assistance was authorized by section 7 of the Cooperative Forestry Assistance Act of 1978. Grants are made to public bodies to organize, train, and equip local firefighting forces, including those of Indian tribes or other native groups, to prevent, control, and suppress fires threatening human lives, crops, livestock, farmsteads or other improvements, pastures, orchards, wildlife, rangeland, woodland, and other resources in rural areas.

COMMITTEE RECOMMENDATIONS

For rural community fire protection grants for fiscal year 1986, the Committee recommends an appropriation of \$3,250,000. This is the same amount as provided in 1985 and the same as the amount provided in the House bill. No appropriation was requested by the administration.

COMPENSATION FOR CONSTRUCTION DEFECTS

1985 appropriation	\$1,000,000
1986 budget estimate.....	
House allowance.....	1,000,000
Committee recommendation	500,000

Under section 509(c) of the Housing Act of 1949, as amended, the Secretary of Agriculture is authorized to pay the cost of correcting structural defects and claims arising from defects on newly constructed dwellings purchased with FmHA financial assistance. Claims will not be paid until provisions under the builder's warranty have been fully pursued. Requests for compensation for construction defects must be made within 18 months of loan closing.

COMMITTEE RECOMMENDATIONS

The Committee recommends \$500,000 for compensation for construction defects. This is \$500,000 more than the budget request, \$500,000 less than the House allowance, and \$500,000 less than the level provided in fiscal year 1985.

RURAL RENTAL ASSISTANCE PAYMENTS

1985 appropriation	\$52,250,000
1986 budget estimate.....	
House allowance.....	
Committee recommendation	

This program is authorized under section 521(a)(2) of the Housing Act of 1949, as amended.

The objective of the program is to reduce rents paid by low-income families living in FmHA financed rental projects and farm labor housing projects. Under this program, low-income tenants will contribute

the higher of (1) 30 percent of monthly adjusted income, (2) 10 percent of monthly income, or (3) designated housing payments from a welfare agency. Payments from the fund are made to the project owner to make up the difference between the tenant's payment and the approved rental rate established for the units.

COMMITTEE RECOMMENDATIONS

In fiscal year 1985, the funds in this account were used to finance new rental assistance contracts. For fiscal year 1986, the Committee has placed this funding under the Rural Housing Insurance Fund. This is consistent with the House action.

RURAL HOUSING PRESERVATION GRANTS

1985 appropriation	\$5,000,000
1986 budget estimate.....	
House allowance.....	(20,000,000)
Committee recommendation	(20,000,000)

Section 522 of the Housing and Urban-Rural Recovery Act of 1983 (titles I-V of Public Law 98-181) authorized a Rural Housing Preservation Grants Program under the Farmers Home Administration to make grants to State or local governments, Indian tribes, private nonprofit organizations, and a consortia of other eligible grantees to rehabilitate housing which is either owned or occupied by low or very-low income persons or families.

While the section 504 loan and grant programs are aimed at the same income levels as this program, they are restricted to the elderly. Also, the Farmers Home Administration staff limitations are such that an increase in funding or expansion of responsibility may not provide satisfactory results.

The Preservation Grants Program will employ local housing expertise and will improve the delivery of rehabilitation assistance. Farmers Home will rank and fund qualified applicants (for example, governments, or nonprofit organizations), but will not be responsible for processing individual applications for assistance. The grantee would operate the program on a day-to-day basis, and FmHA would review and monitor the activity of the grantee.

COMMITTEE RECOMMENDATIONS

The Committee recommends no new appropriation for the Rural Housing Preservation Grants Program. However, it does recommend making previous appropriations of \$15,000,000 in Public Law 98-396 and \$5,000,000 in Public Law 98-473 available through fiscal year 1986. Regulations for this program have only recently been issued, and the Committee believes that the program should be allowed to operate as originally intended by both the authorizing committee and this Committee.

SALARIES AND EXPENSES

	Appropriation	Transfers from loan accounts	Total
1985 appropriation.....	\$352,297,000	(\$4,000,000)	(\$356,297,000)
1986 budget estimate	240,180,000	(4,000,000)	(244,180,000)
House allowance.....	356,297,000	(4,000,000)	(360,297,000)
Committee recommendation	394,197,000	(4,000,000)	(398,197,000)

Funds appropriated to this account are used to administer the various loan and grant programs of the Farmers Home Administration, with the exception of emergency, watershed, flood prevention, and resource conservation and development loans. Administration of the programs includes the reviewing of applications, making and collecting loans, and extending technical assistance to borrowers.

In addition, other funds are made available from the Agricultural Credit Insurance Fund to service the Emergency Disaster Program. An annual allotment is received from the Soil Conservation Service to fund the costs of administering watershed, flood prevention, and resource conservation and development loans.

COMMITTEE RECOMMENDATIONS

For salaries and expenses for fiscal year 1986, the Committee recommends a program level of \$398,197,000. This is \$41,900,000 more than was appropriated in 1985, \$154,017,000 more than the budget estimate, and \$37,900,000 more than the House allowance. The increase is needed to fund the level of staff years required by the bill and to cover increased operating costs as a result of new projects and management improvement initiatives begun in 1985.

The Committee continues to believe that efforts to restrict the personnel levels of FmHA are shortsighted. With a loan portfolio in excess of \$60,000,000,000, adequately trained personnel to service these loans are essential. Therefore, the Committee has accepted the language contained in section 626 of the House bill which establishes a minimum employment ceiling for FmHA.

The Committee also concurs with the House in expecting the FmHA to continue providing the Office of the General Counsel the necessary staff years and funding to operate the field offices which were established to provide more direct local assistance than the General Counsel could provide from his regional offices. The 1986 budget assumed termination of these offices.

Since 1981, USDA appropriations acts have included a general provision which has limited FmHA's ability to increase or decrease the sale of Certificates of Beneficial Ownership [CBO's] and repurchased insured loans. Because fiscal conditions of the individual revolving funds involved have changed significantly and because the budget scorekeeping of on-budget and off-budget outlays has changed, the Department has advised the Committee that it may be technically impossible to comply with this language. Therefore, the Committee has deleted section 615 of the general provisions.

The Committee continues to believe that the interests of Hawaii's farmers are best served by maintaining the FmHA State office in Hilo and reiterates its instruction that the Department not attempt to relocate the office to Honolulu.

CIRCUIT RIDER PROGRAM

The Committee recognizes that the Circuit Rider Program has been an extremely effective means of improving rural water systems. The program currently operates in 33 States with over 14,000 on-site visits over the last year. By providing technical assistance to rural water systems, the circuit riders have reduced small system noncompliance under the Federal Safe Drinking Water Act, have dramatically cut back on water loss thus saving scarce water, as well as reducing the water costs to rural residents, and have helped many systems establish cost-effective maintenance and expansion programs based on sound accounting principles and valid water rates.

Therefore, the Committee recommends that \$2,100,000 be provided for the Circuit Rider Program. This is an increase of \$500,000 over the level provided in fiscal year 1985, as well as over the amount provided by the House. The increase allows for an increase in each State, which is badly needed because of the extensive travel required in rural areas, as well as the addition of circuit rider programs in four new States.

The Committee concurs with the House that the program has been operated most effectively by the National Rural Water Association, and, therefore, concurs with the House bill language providing for contracting this work with the National Rural Water Association, or other equally qualified national organization.

RURAL HOUSING LOAN GRADUATION

In its semiannual report to Congress for the first half of fiscal year 1985, the Office of the Inspector General [OIG] stated that it had identified \$1,000,000,000 in rural housing loans eligible for graduation to private credit, but only a part of that amount has actually been graduated by FmHA. The OIG has also identified an additional \$1,000,000,000 in loans which now show a high potential to graduate. Interest costs to carry these loans exceed interest income from these borrowers by \$87,000,000 annually. The Committee expects the Department to accelerate its review of such loans in order to graduate these loans to private credit, thereby reducing the cost of the housing subsidy program to the taxpayer.

LONG-TERM CONSERVATION EASEMENTS AND DELINQUENT DEBT AMORTIZATION

The Committee is aware of the general depressed state of the agricultural economy and resulting failures by farm borrowers to properly service FmHA debt. As the inability to service land debt continues, greater than normal acreage is placed on the market causing further downward pressure on price. One consequence of the collective impact of the current agricultural economy has been a significant decline in

farmland values. After peaking in 1981, farmland values have fallen every year since. According to USDA, from April 1984 to April 1985, farmland values nationwide declined 12 percent—the largest annual decline since the Great Depression.

The Committee notes that the Senate Committee on Agriculture, Nutrition, and Forestry has approved, for inclusion in the 1985 farm bill, two provisions to mitigate the contribution to this alarming problem by delinquent FmHA borrowers. Both provisions are consistent with and are optional methods for accomplishing objectives of the administration-supported Conservation Reserve Program.

One provision gives the Secretary of Agriculture the option of using easements to remove from cultivation for up to 50 years wetland and highly erodible land owned by delinquent FmHA borrowers. Easements on such land will be obtained in exchange for forgiveness of an appropriate portion of FmHA indebtedness.

The second provision allows delinquent FmHA debt to be amortized from future revenue generated by timber crops planted on lands previously used for crop or pasture production. Such land must remain in timber production until the FmHA debt is retired, which could require up to 45 years.

Due to the usually long time-period required to prepare such provisions for operation, and given the immediacy of the farm debt servicing problem, the Committee directs the Secretary of Agriculture to initiate appropriate planning activities which will lead to implementation of these programs as quickly as possible.

RURAL ELECTRIFICATION ADMINISTRATION

The Rural Electrification Administration [REA] was established by Executive Order 7037 on May 11, 1935, to provide loan funds to eligible borrowers for the purpose of extending central station electric service to unserved persons in rural areas. Statutory provision for the agency was made in the Rural Electrification Act of May 20, 1936, and on July 1, 1939, under Reorganization Plan II, REA became a part of the Department of Agriculture. On October 28, 1949, the purpose of REA was expanded by Public Law 423 which amended the Act to authorize loans for furnishing telephone service to rural areas.

Public Law 93-32, enacted May 11, 1973, amended the Rural Electrification Act of 1936, as amended, by establishing a Rural Electrification and Telephone Revolving Fund [RETRF] for the purpose of making insured loans to REA electric and telephone borrowers. Loans made under this authority bear either 2- or 5-percent interest in accordance with criteria specified in the act, and have a maturity not to exceed 35 years. The act also authorized REA to guarantee loans made by other lenders at rates and terms agreed upon between the lender and the borrower. The rural electrification and telephone revolving fund legislation contains the following statement of congressional policy:

* * * it is hereby declared to be the policy of the Congress that adequate funds should be made available to rural electric

and telephone systems through direct, insured, and guaranteed loans at interest rates which will allow them to achieve the objectives of the Rural Electrification Act of 1936, as amended; and that such rural electric and telephone systems should be encouraged and assisted to develop their resources and ability to achieve the financial strength needed to enable them to satisfy their credit needs from their own financial organizations and other sources at reasonable rates and terms consistent with the loan applicant's ability to pay and achievement of the Act's objectives.

In October 1976, Public Law 94-570 amended the act, changing the statutory criteria used in determining eligibility for the special interest rate (2 percent) insured loans. The change in criteria corrected unintended inequities resulting from Public Law 93-32, bringing the number of borrowers eligible for the special rate more in line with congressional intent and with borrowers' actual needs for loan funds at this rate.

On August 13, 1981, the Omnibus Budget Reconciliation Act, Public Law 97-35, was signed into law to further amend the RE Act. This legislation changed the RE Act by eliminating the special 2-percent interest rate on insured loans from the RETRF. It also provided that the Administrator may make insured loans at a rate less than 5 percent, but not less than 2 percent, if the borrower has experienced extreme financial hardship, or cannot provide service consistent with the objectives of the act without charging rates so high that a substantial disparity results between such rates and those charged for similar services in the same or nearby areas by other suppliers.

RURAL ELECTRIFICATION AND TELEPHONE REVOLVING FUND

ELECTRIC LOANS (INSURED)

1985 loan authorization	(\$850,000,000)
1986 budget estimate.....	(500,000,000)
House allowance.....	(650,000,000)
Committee recommendation	(650,000,000)

ELECTRIC LOANS (GUARANTEED)

1985 loan authorization	(\$1,200,000,000)
1986 budget estimate.....	(300,000,000)
House allowance.....	(850,000,000)
Committee recommendation	(850,000,000)

TELEPHONE LOANS (INSURED)

1985 loan authorization	(\$250,000,000)
1986 budget estimate.....	(75,000,000)
House allowance.....	(250,000,000)
Committee recommendation	(250,000,000)

TELEPHONE LOANS (GUARANTEED)

1985 loan authorization	(\$125,000,000)
1986 budget estimate.....	
House allowance	(125,000,000)
Committee recommendation	(125,000,000)

COMMITTEE RECOMMENDATIONS

The Committee commends REA for maintaining stable ratios of concurrent and supplemental loans at the current levels. During fiscal year 1986, the Administrator is expected to provide borrowers supplemental financing in accordance with applicable criteria and ratios in effect as of July 15, 1982.

For insured loans to rural electric systems, the Committee recommends a floor of \$650,000,000, the same as the House level and a ceiling of \$850,000,000, which is \$250,000,000 below the House level. For insured telephone loans the Committee recommends a floor of \$250,000,000 and a ceiling of \$325,000,000. The budget proposed a \$500,000,000 limitation on insured electric loans and a \$75,000,000 limitation on insured telephone loans.

The Committee concurs with House action in establishing a minimum of \$850,000,000 for guaranteed loans to rural electric systems. However, the Committee recommends a ceiling of \$1,900,000,000 for electric loan guarantees, \$300,000,000 less than the House level. The budget proposed a ceiling of \$500,000,000.

For guaranteed telephone loans, the Committee concurs with the House in setting a floor of \$125,000,000 and a ceiling of \$145,000,000. The budget proposed no guaranteed telephone loans.

The Committee has been informed by REA that the minimum level of insured and guaranteed loan commitments contained in the fiscal year 1985 bill will not be achieved. REA implies that a reduction of applications over the years is the cause for not meeting minimum funding levels. However, REA has not provided any evidence of an actual shortage of loan applications and, to the contrary, information from borrowers indicates that ample need exists for REA to meet minimum loan levels.

Furthermore, it has been brought to the Committee's attention that REA is maintaining a policy which, in effect, circumvents congressional authority to set minimum loan levels. This policy takes into account the level of a borrower's general funds and serves to: (1) deny or reduce loans to eligible borrowers; (2) deny loan fund advances to borrowers already approved for the loan; (3) require borrowers to supplement loan funds with their own funds; and (4) refuse to reimburse borrowers for funds expended for approved loan purposes.

Therefore, the Committee feels that the REA's general funds policy is responsible for not meeting minimum loan levels, rather than any lack of applications. Furthermore, the Committee expects REA to distinguish between loans approved and loans advanced when determining whether minimum loan levels are met. It is misleading to include approved loans if REA eventually refuses to advance, or rescinds, these funds.

The Committee, therefore, has included language in the bill which precludes the reduction or denial of insured, guaranteed, or Rural Telephone Bank loans or loan advances based upon a borrower's level of general funds.

REIMBURSEMENT FOR LOSSES

1985 appropriation	(\$215,964,000)
1986 budget estimate	
House allowance	(225,395,000)
Committee recommendation	

COMMITTEE RECOMMENDATIONS

The Committee recommends no appropriation for reimbursement for losses. This is \$215,964,000 less than was provided in fiscal year 1985, \$225,395,000 less than the amount provided by the House, and the same as the budget request. The Committee does not feel that this reimbursement is necessary because of the reasons discussed below.

In 1973, the Rural Electrification Act was amended by Public Law 98-32, which created the Rural Electrification and Telephone Revolving Fund [RETRF]. The fund began operations utilizing \$7,864,742,000 in assets which were transferred to the fund from the Treasury. The fund was made liable for approximately \$7,400,000,000 of notes previously issued to the Treasury by REA. The fund was simultaneously forgiven from paying to the Treasury any interest associated with that liability. If the fund were liable for this interest, it is estimated that the annual interest cost would be \$307,163,625.

In 1979 the General Accounting Office [GAO] ruled that the RETRF should show this would-be interest cost as imputed interest on its financial statements.

In fiscal year 1984 (the year to which the House reimbursement would apply), the Rural Electrification and Telephone Revolving Fund [RETRF] collected interest income of \$355,135,000 and incurred expenses of \$273,366,000. This computes to a net income of \$81,769,000. Only after subtracting the imputed interest as required by GAO does the fund show a paper loss of \$225,395,000, which is the amount provided for reimbursement by the House.

While the Committee does not take a position on GAO's decision to display the imputed interest for financial accounting purposes, the Committee does not agree with the House that an appropriation is necessary to reimburse the fund for losses which never actually occurred.

The Committee recognizes that at some point in the future, interest costs on current borrowings from the Treasury will exceed interest income from loans outstanding to REA borrowers. The Committee has every intention of—and would strongly support—reimbursing the RETRF for any actual dollar loss incurred when that point is reached.

RURAL TELEPHONE BANK

1985 appropriation	(\$30,000,000)
1986 budget estimate.....	
House allowance.....	(30,000,000)
Committee recommendation	(30,000,000)

Public Law 92-12 amended the Rural Electrification Act to establish the Rural Telephone Bank as a supplemental source of financing for the growing capital needs of rural telephone systems. It also authorized U.S. stock purchases totaling \$300,000,000 with up to \$30,000,000 to be appropriated annually.

The \$300,000,000 stock purchase was completed in 1981. Public Law 97-98, approved December 22, 1981, amended the act by providing for an authorization of an additional \$300,000,000 in U.S. stock purchases with \$30,000,000 to be appropriated annually.

COMMITTEE RECOMMENDATIONS

For the Rural Telephone Bank, the Committee recommends an appropriation of \$30,000,000, the same amount as appropriated for fiscal year 1985 and the same amount as the annual authorization for this appropriation. This is the same amount that is provided by the House, and \$30,000,000 more than the budget request.

RURAL COMMUNICATION DEVELOPMENT FUND

1985 appropriation	\$841,000
1986 budget estimate.....	1,203,000
House allowance.....	1,203,000
Committee recommendation	1,203,000

The Rural Communication Development Fund, an account under the Rural Development Insurance Fund, was established pursuant to Secretary's memorandum No. 1988, approved May 22, 1979. The memorandum transferred certain financing authorities under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) from the Farmers Home Administration to the Rural Electrification Administration for the purpose of financing and administering community antenna television services to facilities in rural areas.

COMMITTEE RECOMMENDATIONS

For the Rural Communication Development Fund, the Committee recommends an appropriation of \$1,203,000. This is the same amount as provided in the budget request and as was provided in the House bill, and \$362,000 more than was provided in fiscal year 1985. These funds will be used to reimburse the RCDF for subsidies and losses sustained in prior years that have not been previously reimbursed.

SALARIES AND EXPENSES

1985 appropriation	\$30,664,000
1986 budget estimate.....	29,668,000
House allowance.....	30,990,000
Committee recommendation	30,990,000

COMMITTEE RECOMMENDATIONS

For the salaries and expenses necessary to carry out the functions of the Rural Electrification Administration for fiscal year 1986, the Committee recommends an appropriation of \$30,990,000. This is \$326,000 more than the amount appropriated for fiscal year 1985, \$1,322,000 above the budget estimate, and the same as the amount provided in the House bill.

The Committee concurs with the House in advising that no funds are available for changes in the Engineering Standards Division. The Committee expressed its strong concern in its report accompanying the fiscal year 1985 supplemental appropriations bill (Senate Report 99-82) and again directs the Department to staff fully the Engineering Standards Division in order to continue providing the necessary technical expertise to telephone and electric programs.

CONSERVATION

OFFICE OF THE ASSISTANT SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

1985 appropriation	(1)
1986 budget estimate.....	(1)
House allowance.....	\$386,000
Committee recommendation	(1)

¹Included in the Office of the Secretary.

In concurring with the budget request, the Committee includes the Office of the Assistant Secretary for Natural Resources and Environment in the account for the Office of the Secretary. Please refer to that account on page 7 for further details.

SOIL CONSERVATION SERVICE

The Soil Conservation Service [SCS] was established under authority of the Soil Conservation Act of 1935 (49 Stat. 163; 16 U.S.C. 590a-f). It has responsibility for developing and carrying out a National Soil and Water Conservation Program in cooperation with landowners and operators and other land users and developers, with community planning agencies, with regional resource groups, and with other agencies of government—Federal, State, and local. The SCS also assists in agricultural pollution control, environmental improvement, and rural community development.

The Soil and Water Conservation Program is carried on through financial and technical help to locally organized and operated conservation districts; local sponsors of watershed protection projects and resource conservation and development projects; and consultative assist-

ance to other individuals and groups. Approximately 3,000 conservation districts cover almost 2 billion acres in all the States, Puerto Rico, and the Virgin Islands.

COMMITTEE RECOMMENDATIONS

In its recommendations for funding SCS activities, the Committee continues its strong support for soil and water conservation programs. These programs are vitally important to prevent further depletion of the natural resource base that is the foundation of America's agricultural success. The President's request for SCS programs reflects a reduction of \$155,953,000 from the amount provided in the fiscal year 1985 appropriations bill. In addition, the budget proposed termination of most SCS programs by the end of fiscal year 1986.

The Committee has concurred with the House in a general provision which sets a minimum level of staff-years for fiscal year 1986 at 14,177.

CONSERVATION OPERATIONS

1985 appropriation	\$364,560,000
1986 budget estimate.....	364,718,000
House allowance.....	365,629,000
Committee recommendation	365,400,000

SCS provides technical assistance through conservation districts to landowners and operators in carrying out locally adapted soil and water conservation programs. This includes technical assistance in the development of conservation plans and application of conservation treatment, the making of soil surveys and the operation of plant material centers. The Service is responsible for inventory and monitoring of soil, water, and related resource data and resource use trends essential for programming and planning at all governmental levels.

COMMITTEE RECOMMENDATIONS

For conservation operations for fiscal year 1986, the Committee recommends an appropriation of \$365,400,000. This is \$840,000 more than the amount provided in 1985, \$682,000 more than the budget estimate, and \$229,000 less than the amount provided in the House bill. The budget request was based on a high level of one-time phaseout costs, which the Committee has rejected. None of the funds provided in this appropriation are to be used to terminate or phase down the current level of activity in the conservation operations programs.

The Committee concurs with the House in providing \$840,000 for technical assistance for the Chesapeake Bay restoration project. The Committee will expect the Department to provide additional staff support to carry out the project.

The Committee has stricken House bill language delineating personnel compensation expenses and other expenses. The Committee believes that this hinders flexibility in the operation of agency programs.

The Committee is interested in the Big Spring Basin cooperative demonstration project in Iowa which began in 1981. Knowledge gained

from this project should provide valuable assistance in the area of groundwater protection. Thus, the Committee will expect the Department to continue to give high priority to this project.

The Committee urges that the Soil Conservation Service provide \$150,000 in technical assistance to Soil Conservation Districts in Idaho needed to implement the Agricultural Abatement Plan which was completed in 1979 in response to Public Law 92-500, the Clean Water Act.

RIVER BASIN SURVEYS AND INVESTIGATIONS

1985 appropriation	\$14,906,000
1986 budget estimate	11,790,000
House allowance	14,906,000
Committee recommendation	14,906,000

The Soil Conservation Service administers a program which involves cooperation with other Federal, State, and local agencies in order to aid in the development of coordinated water resource programs. The Service has general responsibility for administration of activities consisting of investigations and surveys of proposed small watershed projects in response to requests made by sponsoring local organizations, and assistance to sponsors in the development of watershed work plans.

COMMITTEE RECOMMENDATIONS

For River Basin Surveys and Investigations for fiscal year 1986, the Committee recommends an appropriation of \$14,906,000. This is the same as was provided in 1985, the same as the House allowance, and \$3,116,000 more than was provided in the budget estimate. None of the funds provided under this appropriation are to be used for termination or phasedown costs.

WATERSHED PLANNING

1985 appropriation	\$8,922,000
1986 budget estimate	7,019,000
House allowance	8,922,000
Committee recommendation	8,922,000

The Department cooperates with the States and other agencies in planning works of improvement in small watersheds to reduce damage from floodwater, sediment, and erosion and for the conservation, development, utilization, and disposal of water, as authorized by Public Law 83-566.

The Department makes surveys of proposed small watershed projects, and prepares work plans in cooperation with local sponsors. These plans outline the soil and water management problems in the watershed, the steps that have been or are authorized to be taken to alleviate these problems, the proposed works of improvement to be installed, the estimated benefits and costs, the cost sharing and operation and maintenance arrangements, and other facts necessary to justify Federal participation in project development.

COMMITTEE RECOMMENDATIONS

For watershed planning for fiscal year 1986, the Committee recommends an appropriation of \$8,922,000. This is the same amount provided in 1985, \$1,903,000 more than the budget estimate, and the same as the amount provided in the House bill. None of the funds provided under this appropriation are to be used for termination or phasedown costs.

WATERSHED AND FLOOD PREVENTION OPERATIONS

1985 appropriation	\$183,843,000
1986 budget estimate.....	63,982,000
House allowance.....	183,843,000
Committee recommendation	183,843,000

The Soil Conservation Service has general responsibility for administration of activities which include cooperation with local sponsors, State, and other public agencies in the installation of planned works of improvement to reduce erosion, floodwater, and sediment damage; conserve, develop, utilize, and dispose of water; plan and install works of improvement for flood prevention including the development of recreational facilities and the improvement of fish and wildlife habitat; and loans to local organizations to help finance the local share of the cost of carrying out planned watershed and flood prevention works of improvement as authorized by Public Law 566, Public Law 534, and section 216 of the Flood Control Act of 1950. The Farmers Home Administration administers the Loan Program.

COMMITTEE RECOMMENDATIONS

For watershed and flood prevention operations for fiscal year 1986, the Committee recommends an appropriation of \$183,843,000. This is the same as the amount provided in 1985, \$119,861,000 over the budget estimate, and the same amount as was provided in the House bill. None of the funds provided under this appropriation are to be used for termination or phasedown costs.

The Committee's recommendation includes \$27,617,000 for Public Law 534 watershed and flood prevention operations and \$151,226,000 for Public Law 566 small watersheds. This is the same level provided in 1985 and in the House bill.

The Committee is also recommending concurrence with the House bill language requiring at least 20 new construction starts under the Public Law 566 program and at least 5 new starts under the Public Law 534 program. In addition, \$5,000,000 is made available for emergency watershed protection measures.

The Committee concurs with the House provision of \$5,000,000 for the continuation of the joint SCS-Corps of Engineers project to alleviate flood and drainage problems in the Yazoo River Basin.

RESOURCE CONSERVATION AND DEVELOPMENT

1985 appropriation	\$26,320,000
1986 budget estimate.....	10,160,000
House allowance.....	26,320,000
Committee recommendation	26,320,000

The Soil Conservation Service has general responsibility for assisting local sponsoring groups accelerate planning and development of land and water resources in multiple county areas. Projects may include such measures as flood prevention; developing water resources for recreation, wildlife, agricultural, municipal, or industrial use; conservation planning and establishment on individual land units; improving recreation facilities, including historical and scenic attractions; encouraging new industries to locate in the area and to process products of the area; improving markets for crop and livestock products; upgrading and protecting the quality of the environment; and long-range planning to coordinate public efforts in the area.

Activities include conducting investigations and surveys to help develop programs and plans of land conservation and utilization; providing technical services and financial assistance to sponsors, local groups, and individuals; and making loans for resource improvements and developments in approved projects. The Farmers Home Administration administers the Loan Program.

COMMITTEE RECOMMENDATIONS

For the Resource Conservation and Development [RC&D] Program for fiscal year 1986, the Committee recommends an appropriation of \$26,320,000. This is the same amount that was provided in 1985, \$16,160,000 more than the budget estimate, and the same as the level provided in the House bill. The Committee concurs with the House in disagreeing with the President's budget request of \$10,160,000 for termination costs of the program.

Within the \$26,320,000, the Committee has included \$332,075 to be used for the North Dickinson Creek project in North Dakota. The Committee has been assured by the administration that this project would have first funding priority in fiscal year 1986, and the Committee expects the allocation to be made.

GREAT PLAINS CONSERVATION PROGRAM

1985 appropriation	\$21,531,000
1986 budget estimate.....	7,529,000
House allowance.....	21,531,000
Committee recommendation	21,531,000

This program provides cost-sharing assistance and technical services to participating landowners or operators in the Great Plains area in the development and installation of long-term conservation plans and practices for their land. It is a voluntary program which complements other conservation programs of the Department in 519 designated counties of 10 Great Plains States. Contracts with individual landowners range from 3 to 10 years.

Program regulations provide that cost-share rates offered in any contract shall not exceed 80 percent of the cost of installing eligible practices within the designated county. The rates vary among States and practices because of differences in conservation and program needs. Cost-sharing for irrigation practices in any one contract shall not exceed \$10,000. There is also a cost-sharing limitation of \$35,000 for any contract.

COMMITTEE RECOMMENDATIONS

For the Great Plains Conservation Program for fiscal year 1986, the Committee recommends an appropriation of \$21,531,000. This is the same amount provided in 1985, \$14,002,000 more than the budget estimate, and the same that was provided in the House bill. The Committee disagrees with the President's request to terminate the program and expects it to be carried out as it was in fiscal year 1985.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

AGRICULTURAL CONSERVATION PROGRAM

1985 appropriation	\$190,000,000
1986 budget estimate	
House allowance	190,000,000
Committee recommendation	¹ 165,000,000

¹ It is estimated that there will be a carryover into fiscal year 1986 of approximately \$30,000,000.

The primary objectives of the Agricultural Conservation Program [ACP] are: (1) to encourage farmers and ranchers to carry out long-term conservation measures that emphasize enduring conservation benefits, (2) to achieve desirable land-use adjustments, and (3) to provide community benefits and the general improvement of the total environment through a combination of economically sound public and private investments.

The authorizing legislation allows cost sharing with farmers and ranchers on both an annual and long-term basis. The program emphasis has been on meeting some of the more pressing farm-related conservation and environmental problems in rural areas, on practices for long-range protection of the environment, and on practices that provide substantial benefits to the public at the least possible cost.

The program is administered in each county by the ASCS county committee, with review and approval by State ASCS committees and in consultation with other agencies. The committees request and receive approval for cost-sharing practices best suited to meet the needs of their area.

COMMITTEE RECOMMENDATIONS

For the Agricultural Conservation Program [ACP] for fiscal year 1986, the Committee recommends an appropriation of \$165,000,000. This is \$25,000,000 less than the 1985 level and the amount provided by the House. The Department anticipates a carryover balance of about

\$30,000,000 into 1986 which will provide a total program level of approximately \$195,000,000. There was no budget request for this program.

The Colorado River Basin Salinity Control Program in the Uintah Basin in Utah and the Grand Valley in Colorado has been funded out of funds appropriated to ASCS for the Agricultural Conservation Program and to the Soil Conservation Service for river basin studies and conservation operations. While expanded funding is not recommended for the program, which was revised during the last Congress (Public Law 98-569), the Committee recognizes the cost effectiveness of the current on-farm program and recommends that the Department of Agriculture continue both projects at the current funding level.

In past years, the Department has noted that the \$3,500 annual payment limitation to individual farmers reduces the effectiveness of long-term conservation contracts. The Committee recognizes this problem, and wishes to exempt long-term contracts from this annual limitation; however, some cost controls should be retained. The Committee, therefore, recommends bill language which will limit all agreements to an average annual limitation of \$3,500 (with the exception of an agreement where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community). This will retain the \$3,500 limitation on 1-year agreements, but will allow long-term agreements to exceed the limitation in any one year, provided that the cost over the life of the agreement does not exceed an average annual cost of \$3,500. This flexibility should result in a more effective program. This will in no way affect the amount or rate of obligation of funds provided for long-term agreements.

FORESTRY INCENTIVES PROGRAM

1985 appropriation	\$12,500,000
1986 budget estimate.....	
House allowance.....	12,500,000
Committee recommendation	12,500,000

This program is authorized by section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103). The primary objective of cost-sharing for timber production is to increase the supply of sawtimber on nonindustrial private land.

COMMITTEE RECOMMENDATIONS

For the Forestry Incentives Program [FIP] for fiscal year 1986, the Committee recommends an appropriation of \$12,500,000. This is the same amount provided in 1985, \$12,500,000 more than the budget estimate, and the same as was provided in the House bill.

WATER BANK PROGRAM

1985 appropriation	\$8,800,000
1986 budget estimate.....	
House allowance.....	
Committee recommendation	8,800,000

The program is authorized by the Water Bank Act, approved December 19, 1970, and amended by Public Law 96-182, approved January 2, 1980, to preserve the wetlands of the Nation.

The Secretary of Agriculture enters into agreements with landowners and operators for the conservation of specified wetlands, and carries out the program in harmony with wetlands programs administered by the Secretary of the Interior, utilizing the technical and related services of appropriate State, Federal, and private conservation agencies to assure proper coordination.

COMMITTEE RECOMMENDATIONS

For the Water Bank Program for fiscal year 1986, the Committee recommends an appropriation of \$8,800,000. This is the same amount as was provided in 1985, \$8,800,000 more than the budget estimate, and \$8,800,000 more than was provided in the House bill.

The Committee disagrees with the action of the House and disagrees with the President's request to terminate the Water Bank Program.

EMERGENCY CONSERVATION PROGRAM

1985 appropriation	
1986 budget estimate	
House allowance	\$5,000,000
Committee recommendation	

This appropriation provides special funds for sharing the cost—up to 80 percent—of emergency measures to deal with cases of severe damage to farm and rangelands resulting from natural disasters. The program is authorized by the Agricultural Credit Act of 1978.

Assistance is made available to correct new conservation problems which (1) if not treated will impair or endanger the land, (2) materially affect the productive capacity of the land, (3) represent damage which is unusual in character and except for wind erosion, is not the type which would recur frequently in the same area, and (4) will be so costly to rehabilitate that Federal assistance is or will be required to return the land to productive agricultural use.

COMMITTEE RECOMMENDATIONS

For the Emergency Conservation Program for fiscal year 1986, the Committee recommends no appropriation in this bill. This is \$5,000,000 less than was provided in the House bill.

As of September 3, 1985, the Emergency Conservation Program had an unallocated balance of \$8,069,803. If this amount is insufficient for emergencies in fiscal year 1986, the Committee will expect the Secretary to submit a supplemental budget request for additional funding in a timely manner.

TITLE III—DOMESTIC FOOD PROGRAMS

OFFICE OF THE ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES

1985 appropriation	(1)
1986 budget estimate.....	(1)
House allowance.....	\$350,000
Committee recommendation	(1)

¹Included in the Office of the Secretary.

In concurring with the budget request, the Committee includes the Office of the Assistant Secretary for Food and Consumer Services in the account for the Office of the Secretary. Please refer to that account on page 7 for further details.

FOOD AND NUTRITION SERVICE

The Food and Nutrition Service was established August 8, 1969, by Secretary's Memorandum No. 1659 and Supplement 1 pursuant to the authority contained in 5 United States Code 301 and the Reorganization Plan No. 2 of 1953.

The Food and Nutrition Service administers food assistance programs which provide access to a more nutritious diet for persons with low incomes and encourage better eating patterns among the Nation's children. The programs are:

Food Stamp Program.—Food stamps are issued to eligible low-income households to enable them to obtain a better diet by increasing their food purchasing power. The Food and Nutrition Service administers the program in cooperation with State welfare agencies and provides for the full cost of the food stamps themselves in addition to sharing direct and indirect administrative costs incurred by the States on a 50-50 basis. If, however, States reduce their error rates below the 5-percent level, they are eligible to receive enhanced funding up to 60 percent. In addition, States may receive up to 75 percent for their costs incurred in developing food stamp computer systems and 75 percent for their costs for fraud investigations and prosecutions. Funds for this program are provided by direct appropriation.

Child nutrition programs.—The child nutrition programs—the national school lunch, school breakfast, summer food service, and child care food programs—provide funding for the service of nutritious meals to needy children and other children attending schools, child care institutions, and summer recreational programs as a means of safeguarding the health and proper physical development of the Nation's children. The Food and Nutrition Service works through State agencies, providing them with cash and commodities for use in preparing and serving

meals, and administers the various child nutrition programs directly in cases where the State has chosen not to administer the programs. Funds for these programs are provided by direct appropriation and transfer from section 32.

Special Milk Program.—The Special Milk Program provides funding for milk service in nonprofit schools of high school grade or under, summer camps, and similar institutions which have no other federally assisted food programs. This milk is provided to children either free or at a low cost. The Food and Nutrition Service provides cash subsidies to State-administered programs and directly administers the program in States which have chosen not to administer the program. Funds for this program are provided by direct appropriation.

Special supplemental food programs.—The Food and Nutrition Service administers two programs—the Special Supplemental Food Program [WIC] and the Commodity Supplemental Food Program [CSFP]—which provide supplemental foods to pregnant, postpartum, and breast-feeding women; infants; and young children.

In the WIC Program, pregnant, postpartum, and breast-feeding women, and infants and children up to 5 years of age who are found to be at nutritional risk, receive supplemental foods from their local health clinics. State departments of health receive cash grants from the Food and Nutrition Service for this activity. Twenty percent of the total program funding is provided to the States for State and local administrative costs. Funds for this program are provided by direct appropriation.

The Commodity Supplemental Food Program provides supplemental food to a target population similar to that of the WIC Program. The foods, however, are purchased directly by the Department of Agriculture and distributed to eligible women, infants, and children through State and local agencies. The Food and Nutrition Service provides cash assistance to distributing agencies to offset their operating expenses at a rate of 15 percent of appropriated funding plus 15 percent of the value of commodities donated as part of the food package. Congress gave USDA authority to operate elderly feeding pilot projects [EFPP] in three locations. Using CSFP local agency sites and various commodities provided through CSFP, these pilot projects focus on volunteer delivery of food packages to homebound elderly persons.

Funds for these programs are provided by direct appropriation.

Food donations programs.—The food donations programs are the Needy Family Program and the Elderly Feeding Program. The Needy Family Program provides nutritious agricultural commodities to eligible low-income persons residing on or near Indian reservations and in the Trust Territory of the Pacific. The Food and Nutrition Service provides distributing agencies with cash assistance to help them defray the administrative expenses incurred.

The Food and Nutrition Service also provides commodities and cash in lieu of commodities to the States for the Elderly Feeding Program, which provides meals in senior citizens' centers and similar settings. These meals are the focal point in nutrition projects for the elderly, which promote good nutrition and reduce the isolation of old age.

Funds are provided by direct appropriation.

Nutrition assistance for Puerto Rico.—As a result of the Omnibus Reconciliation Act of 1981, the Food and Nutrition Service now provides the Commonwealth of Puerto Rico with a nutrition assistance block grant, which gives the Commonwealth broader flexibility to establish a Food Assistance Program specifically tailored to the needs of its low-income households. Beginning July 1, 1982, the Commonwealth has been providing food assistance to low-income households in the form of cash grants, rather than coupons. The Omnibus Budget Reconciliation Act of 1982 prohibited the use of cash for nutrition assistance in the Commonwealth after fiscal year 1983. The continuing appropriations for fiscal year 1984 approved October 1, 1983 postponed the effective date of the noncash provision until January 1, 1984, and Public Law 98-204 postponed the effective date until October 1, 1985. Funds for this program are provided by direct appropriation.

Food Program administration.—This account provides for the salaries and operating expenses of the Food and Nutrition Service. Headquarters of the Service is at Park Center in Alexandria, VA. The Food and Nutrition Service maintains the following seven regional offices: Burlington, MA; Robbinsville, NJ; Atlanta, GA; Chicago, IL; Dallas, TX; Denver, CO; and San Francisco, CA. On September 30, 1984, there were 2,156 full-time permanent and 104 part-time and temporary employees in the agency. Of these, 1,015 employees were located in the seven regional offices and 696 in the Alexandria headquarters. In addition, 549 employees were stationed in 125 field locations including 41 food stamp compliance offices, 1 data processing center, 7 administrative review offices, and 76 field offices.

CHILD NUTRITION PROGRAMS

	Appropriation	Transfer from sec. 32	Total
1985 appropriation	\$1,474,861,000	(\$2,329,819,000)	(\$3,804,680,000)
1986 budget estimate	177,533,000	(3,250,647,000)	(3,428,180,000)
House allowance.....	¹ 842,548,000	(3,271,592,000)	(4,114,140,000)
Committee recommendation	¹ 842,548,000	(3,271,592,000)	(4,114,140,000)

¹ Includes \$665,015,000 which shall be available only upon submission of an official budget request.

The child nutrition appropriation of the Food and Nutrition Service funds the activities authorized by the National School Lunch Act, as amended, and the Child Nutrition Act of 1966, as amended.

These involve the following child nutrition programs:

1. Cash payments to States.—The programs are operated under an agreement entered into by the State agencies and the Department. Funds are made available under letters of credit to State agencies for use in reimbursing participating schools and other institutions. Sponsors make application to the State agencies, and if approved, are reimbursed on a per meal basis in accordance with the terms of their agreement and rates prescribed by law.

(a) *School Lunch Program*.—Assistance is provided to the States for service of lunches to all school children, regardless of family income. States must match some of the Federal cash grant from sources within the State. In fiscal year 1985, the School Lunch Program provided assistance for serving an estimated 3,929,000,000 school lunches including 1,901,000,000 for children from middle- and upper-income families and 2,028,000,000 for children from low-income families. An estimated 23,960,000 children are estimated to have participated in the program daily during the school year.

(b) *Special assistance for free and reduced price lunches*.—Additional assistance is provided to the States for serving lunches free or at a reduced price to needy children. In fiscal year 1985, the program provided assistance for about 2,028,000,000 lunches, of which 1,768,000,000 were served free of charge and 260,000,000 at reduced price. Approximately 12,400,000 needy children participated in the program on an average school day during the year.

(c) *School Breakfast Program*.—Federal reimbursement to the States is based on the number of breakfasts served free, at a reduced price, or at the general rate for those served to nonneedy children. Certain schools, designated in severe need, receive higher rates of reimbursement in both the free and reduced price categories. In fiscal year 1985, the program served an estimated 608,000,000 breakfasts to a daily average of 3,500,000 children.

(d) *State administrative expenses*.—The funds may be used for State employee salaries, benefits, support services, and office equipment. Public Law 95-627 made the State administrative expenses grant equal to 1½ percent of Federal payments in the second previous year.

(e) *Summer Food Service Program*.—Meals served free to children in low-income neighborhoods during the summer months are supported on a performance basis by Federal cash subsidies to State agencies. Local administrative expenses are reimbursed at negotiated rates, and State administrative expenses are supported with a grant based on the percentage of funds distributed to the State in the preceding fiscal year.

(f) *Child Care Food Program*.—Preschool children receive year-round food assistance in nonprofit child care centers and family and group day care homes under this program. Public Law 97-35 permits profit-making child care centers receiving compensation under title XX of the Social Security Act to participate in the program if 25 percent of the children served are title XX participants. The Child Care Food Program reimburses State agencies at varying rates for breakfasts, lunches, suppers, and meal supplements and for program related State audit expenses.

2. *Commodity procurement*.—The program provides commodities to schools for the lunch and breakfast programs, and to institutions in the child care and summer feeding programs. Commodities are also acquired under programs that strengthen markets, income, and supply (section 32 funds).

3. Nutrition studies and education.—

(a) *Nutrition studies and surveys.*—In fiscal year 1985, the funds appropriated for this purpose were used for several studies, including evaluation of school nutrition programs; study of management practices as they relate to commodity donations for the child nutrition programs; a national study of school food purchases; and an evaluation of the State commodity distribution systems.

(b) *Nutrition education and training.*—Public Law 95-166 instituted a program of grants to the States for nutrition education in schools. In fiscal year 1985, \$5,000,000 was made available to the States for nutrition education.

COMMITTEE RECOMMENDATIONS

For the child nutrition programs for fiscal year 1986, the Committee recommends an appropriation of \$842,548,000, plus transfers from section 32 of \$3,271,592,000 for a total program of \$4,114,140,000. This is \$309,460,000 more than the fiscal year 1985 program level, the same amount as provided by the House, and an increase of \$685,960,000 above the budget request.

The Committee's recommendation provides for the child nutrition programs at the following annual rates:

Total obligatory authority

	<i>Amount</i>
Child nutrition programs:	
School Lunch Program	\$526,000,000
Special assistance for free and reduced price lunches	2,334,370,000
School Breakfast Program	423,950,000
State administrative expenses	49,040,000
Summer Food Service Program	122,980,000
Child Care Food Program	494,010,000
Commodity procurement	156,320,000
Nutrition studies and surveys	2,470,000
Nutrition education and training	5,000,000
Total available	4,114,140,000

The budget proposed several legislative changes which would save approximately \$685,960,000. Since the authorizing committee (Agriculture, Nutrition, and Forestry) is considering legislation to reauthorize the child nutrition programs, the Committee has rejected the proposals to accomplish the changes in this bill. It has, however, provided that \$665,015,000 shall be available only to the extent an official budget request is submitted to the Congress. This represents the amount of the proposed legislative savings (\$685,960,000) minus \$20,945,000, which is no longer needed for direct appropriation due to an equivalent increase in transfers of section 32 funds. If the legislative proposals are not approved in a timely manner, the Department is expected to submit a budget request at the earliest opportunity to allow these programs to continue without disruption. Although the Committee is not making the proposed legislative changes, it supports a provision proposed by the budget which would remove from eligibility for certain programs, States

which choose not to administer those programs, but which have no laws preventing the State from administering them.

SPECIAL MILK PROGRAM

1985 appropriation	\$17,600,000
1986 budget estimate.....	11,500,000
House allowance	11,500,000
Committee recommendation	11,500,000

The Special Milk Program was originally designed to encourage the consumption of fluid whole milk by children in nonprofit schools of high school grade or under, summer camps, and similar institutions. The authority for the program is section 3 of the Child Nutrition Act of 1966.

The Omnibus Budget Reconciliation Act of 1981 limited participation in the Special Milk Program to schools which do not participate in a meal service program authorized under the National School Lunch Act or the Child Nutrition Act of 1966. Currently, funds are provided to State agencies to reimburse participating institutions for a part of the cost of fluid milk consumed by nonneedy children. Schools are reimbursed for the full cost of milk served free to needy children. Reimbursement rates for milk served to nonneedy children are adjusted on July 1 of each year based on changes in the producer price index for fresh processed milk.

COMMITTEE RECOMMENDATIONS

For the Special Milk Program for fiscal year 1986, the Committee has recommended \$11,500,000 to fully fund the program in those institutions which remain eligible. This is \$6,100,000 less than the amount provided in 1985, the same as the budget estimate, and the same as the House allowance. The appropriation of \$11,500,000, combined with \$6,176,000 of carryover funds from fiscal year 1985, will allow for a total program of \$17,676,000 for fiscal year 1986.

Because the authorizing committee is currently considering legislation related to the Special Milk Program, the Committee rejects making legislative changes in an appropriations bill. The Committee, however, supports language proposed by the budget which would eliminate from eligibility those States which choose not to operate the program but have no laws which would prevent them from doing so.

FEEDING PROGRAM FOR WOMEN, INFANTS, AND CHILDREN [WIC]

1985 appropriation	\$1,500,000,000
1986 budget estimate.....	1,479,800,000
House allowance	1,570,000,000
Committee recommendation	1,570,000,000

The Special Supplemental Food Program (women, infants and children—WIC) is authorized by section 17 of the Child Nutrition Act of 1966, as amended. The program makes funds available to local health clinics through State departments of health and to Indian tribes to provide supplemental foods to low-income pregnant and lactating women,

infants and children up to 5 years of age. The participants must be determined by medical or nutritional professionals to be at nutritional risk due to low income and inadequate nutrition.

COMMITTEE RECOMMENDATIONS

For the Special Supplemental Food Program for women, infants, and children [WIC] for fiscal year 1986, the Committee recommends an appropriation of \$1,570,000,000. This is \$70,000,000 more than was provided in 1985, \$90,200,000 more than the budget estimate and the same as the amount provided in the House bill. This will provide sufficient funding to maintain the program at the current caseload level. Once again, the Committee has rejected the budget proposal to consolidate WIC and CSFP into one account.

The Committee believes that the WIC Program may be the most effective nutrition assistance program administered by the Department. Recent studies of the WIC Program have found a significant correlation between program participation and a reduction in the incidence of low birthweight infants. Other studies indicate that children entering the WIC Program with a low nutritional status are markedly improved by the program. The WIC Program's impact on infant mortality, chronic ill health, birth defects, and subnormal development averts major medical expenditures and reduces outlays in programs such as medicaid, SSI for the disabled, and special education. The Committee is aware of a study conducted by the Department on the impact of the WIC Program. The Committee agrees with the House in expecting the Department to expedite the release of this report.

As the Committee has stated in the past, the Secretary is required to allocate—in addition to the funds provided under this bill—any unspent funds carried over from the previous fiscal year. These funds are to be recovered and redistributed as expeditiously as is possible. The Secretary is also required to periodically reallocate fiscal year 1986 funds during the year, so that the funds appropriated may be fully utilized. The Committee will expect that in allocating funds available for the WIC Program in fiscal year 1986 (including both new appropriations and unexpended funds from fiscal year 1985) priority is to be given to guaranteeing stability in State participation levels.

COMMODITY SUPPLEMENTAL FOOD PROGRAM [CSFP]

1985 appropriation	\$24,918,000
1986 budget estimate	34,049,000
House allowance	36,999,000
Committee recommendation	36,999,000

The Commodity Supplemental Food Program [CSFP] provides supplemental foods to infants and children up to age 6, and to pregnant, postpartum and breast-feeding women who are at nutritional risk and with low incomes who reside in approved project areas.

COMMITTEE RECOMMENDATIONS

For the Commodity Supplemental Food Program, the Committee recommends an appropriation of \$36,999,000, \$12,081,000 more than the amount appropriated for fiscal year 1985, the same amount as the House allowance, and \$2,950,000 more than the budget request.

The fiscal year 1985 appropriation was based on a carryover of over \$10,000,000 from fiscal year 1984 funds. It is not anticipated that there will be any carryover funds into fiscal year 1986.

The amount recommended by the Committee includes \$2,950,000 for the senior citizen commodity supplemental projects in Detroit, Des Moines, and New Orleans.

FOOD STAMP PROGRAM

1985 appropriation	\$11,768,856,000
1986 budget estimate.....	11,871,250,000
House allowance.....	11,891,570,000
Committee recommendation	11,891,570,000

The Food Stamp Program, which is authorized through September 30, 1985, by the Food Stamp Amendments of 1982, helps individuals and families with low incomes to obtain a more nutritious diet. Eligible participants receive food stamp allotments based on their household size and net income after provision has been made for certain deductions. The food stamps increase the food purchasing power of eligible households and thus enable them to attain a better diet than would have been possible without the assistance of the Food Stamp Program.

The Food Stamp Program is currently in operation in all 50 States, the District of Columbia, the Virgin Islands, and Guam. Participating households receive food stamps whose value is determined by household size and income. The cost of the coupons is paid by the Federal Government and is called benefit cost. As required by law, the food stamp allotments for the various household sizes are periodically revised to reflect changes in the cost of the thrifty food plan. The last revision was made on November 1, 1984.

The State social service agencies are responsible for certifying eligible households and issuing the food stamps. Authorized grocery stores accept the stamps as payment for food purchases and forward them to commercial banks for cash or credit. The stamps flow through the banking system to the Federal Reserve Bank for redemption out of a special account maintained by the U.S. Treasury Department.

In fiscal year 1986, an average of 19,770,000 persons are expected to participate in the program monthly and receive coupons worth an average of \$45.27 each month.

COMMITTEE RECOMMENDATIONS

For the Food Stamp Program, the Committee recommends an appropriation of \$11,891,570,000. This is \$122,714,000 more than was provided in 1985, \$20,320,000 more than the budget estimate and the same amount that was provided in the House bill.

The Committee notes that the budget request was predicated on substantial legislative changes in the Food Stamp Program. These legislative changes have yet to be enacted into law, and the Committee believes that it would be inappropriate to assume the legislative savings. The level provided by the Committee is based on current economic and participation assumptions. Should these assumptions prove wrong, the actual cost of the Food Stamp Program may be impacted significantly. Because of this uncertainty, the Committee directs that no action be taken by the administration to reduce benefit levels in accordance with section 18(b) of the Food Stamp Act without the Congress being given ample opportunity to consider required supplemental funding. The Committee strongly believes that program participants should not suffer benefit reductions due to misestimates of program cost.

FOOD STAMP TRAFFICKING

The Committee commends the FNS Compliance Branch and the Office of the Inspector General on efforts being made to curb food stamp trafficking. The 4,651 reviews of retail stores in fiscal year 1984, the 496 indictments, and the 500 convictions represent major accomplishments.

Much remains to be done, though, as both USDA and this Committee realize. The OIG has pointed out to the Committee that, despite a heavy concentration of resources to the trafficking problem, there is no indication that this form of abuse is any less prevalent. Because of this, the Committee strongly encourages USDA to focus even greater efforts on alleviating this serious problem.

ENERGY ASSISTANCE PAYMENTS

The Committee is concerned about low-income energy assistance payments to food stamp recipients and the use of the standard utility allowance in the calculation of a recipient's energy cost deduction when determining food stamp eligibility. This issue falls most appropriately in the authorizing committee's jurisdiction, however, so any action taken concerning this subject should be based on action taken by the authorizing committee.

PRINTING OF FOOD STAMPS

It has come to the Committee's attention that foreign companies intend to enter the market for the procurement of food coupons by USDA. The Committee is concerned about this possibility, and therefore, directs the Department to take steps to ensure that no food coupons procured by USDA are manufactured or printed by companies located outside of the United States.

NUTRITION ASSISTANCE FOR PUERTO RICO

1985 appropriation	\$825,000,000
1986 budget estimate.....	825,000,000
House allowance.....	825,000,000
Committee recommendation	825,000,000

The Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) authorized a block grant for nutrition assistance to Puerto Rico which will give the Commonwealth broad flexibility to establish a Food Assistance Program that is specifically tailored to the needs of its low-income households. Public Law 97-35 also authorized up to \$825,000,000 per year to fund the grant.

In addition to direct benefits to the needy, a portion of the grant may be used to fund up to 50 percent of the costs of administering the program. Further, the grant may be used to fund projects to stimulate and improve food production and distribution in Puerto Rico. Four such projects were approved in fiscal year 1984 and are continuing during fiscal year 1985.

COMMITTEE RECOMMENDATIONS

For nutrition assistance to Puerto Rico, the Committee recommends an appropriation of \$825,000,000, the same amount appropriated for fiscal year 1985, the full amount of the budget request, and the same as provided by the House.

FOOD DONATIONS PROGRAMS

1985 appropriation	\$139,546,000
1986 budget estimate.....	174,607,000
House allowance.....	187,622,000
Committee recommendation	194,573,000

The Agriculture and Consumer Protection Act of 1973, as amended (7 U.S.C. 612c (note)) provides for a directly funded Food Distribution Program for needy families on or near Indian reservations and in the trust territory of the Pacific. This program attempts to alleviate hunger and malnutrition in low-income households by providing nutritious agricultural commodities to eligible persons. This program also funds commodity support for elderly feeding programs under titles III and VI of the Older Americans Act of 1965. Donated foods are used in meals served in the senior citizens' centers or similar settings. States may elect cash in lieu of commodities.

COMMITTEE RECOMMENDATIONS

For the food donations programs for fiscal year 1986, the Committee recommends an appropriation of \$194,573,000. This is \$55,027,000 more than was provided in 1985, \$19,966,000 more than in the budget estimate, and \$6,951,000 more than the amount provided in the House bill.

The budget proposed that funding for the Elderly Feeding Program be capped at \$120,800,000. The Committee does not concur with this proposal and has provided \$137,800,000 for the Elderly Feeding Pro-

gram for fiscal year 1986. Also included in the Committee's recommendation is \$56,773,000 for the Needy Family Program.

The Elderly Feeding Program is operated on a per-meal reimbursement basis with the reimbursement determined by the number of meals served. For fiscal year 1985, participation in the program has exceeded earlier estimates by which the reimbursement rate was determined. Because of this, a necessary rate reduction has been planned in order to accommodate the appropriation for this year. In order to prevent this, the Committee recommendation includes language which would serve the dual purpose of providing for the fiscal year 1985 shortfall and providing the current services level for 1986. It makes up to \$7,000,000 of the funds in this bill available for reimbursements filed for meals served in fiscal year 1985.

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

1985 appropriation	\$57,000,000
1986 budget estimate	
House allowance	50,000,000
Committee recommendation	50,000,000

Title II of Public Law 98-8, enacted March 3, 1983, authorized and appropriated funds for costs of intrastate storage and transportation of CCC commodities donated to families. Public Law 98-92, enacted September 2, 1983, authorized \$50,000,000 for this purpose in fiscal years 1984 and 1985.

Funds are administered by the Food and Nutrition Service through grants to State agencies which operate commodity distribution programs. Allocation of the funds to States is based on a formula which considers the States' unemployment rates and the number of persons with incomes below the poverty level.

In fiscal year 1984, over a billion dollars' worth of surplus commodities were distributed to assist needy individuals. Donations will continue in fiscal year 1985. Precise levels will depend upon the availability of surplus commodities and requirements regarding displacement. Over \$49,100,000 was used in fiscal year 1984 to help State and local authorities with the storage and distribution costs of providing surplus commodities to needy individuals. The \$57,000,000 appropriated for fiscal year 1985 has been allocated to the States for their use.

COMMITTEE RECOMMENDATIONS

For the Temporary Emergency Food Assistance Program for fiscal year 1986, the Committee recommends an appropriation of \$50,000,000. This is \$7,000,000 less than was provided for fiscal year 1985, and \$50,000,000 more than the budget request, and the same as the amount provided by the House.

The Committee expects the Secretary to review the final report on the Temporary Emergency Food Assistance Program and to inform the Committee not later than January 1, 1986, what steps need to be taken to ensure that agricultural commodities and other foods that might not

otherwise be used be made available to food banks for emergency distribution to needy individuals and families.

The Committee is aware of the demonstration projects carried out between 1981-83 between USDA and organizations, such as the Pittsburgh, PA, Community Food Bank. The Committee has been informed that since the expiration of the demonstration, this food bank and others have had little or no access to Federal commodities.

FOOD PROGRAM ADMINISTRATION

1985 appropriation	\$84,187,000
1986 budget estimate.....	81,523,000
House allowance.....	82,502,000
Committee recommendation	82,502,000

The appropriation provides for the Federal operating expenses of the Food and Nutrition Service related to the administration of the Child Nutrition Programs, Special Milk Program, Feeding Program for Women, Infants, and Children [WIC], Commodity Supplemental Food Program [CSFP], Food Stamp Program, Nutrition Assistance for Puerto Rico, and Food Donations Program.

COMMITTEE RECOMMENDATIONS

For food program administration for fiscal year 1986, the Committee recommends an appropriation of \$82,502,000. This is \$1,685,000 less than was provided in 1985, the same as the House allowance, and \$979,000 more than the budget request.

HUMAN NUTRITION INFORMATION SERVICE

1985 appropriation	\$7,533,000
1986 budget estimate.....	13,562,000
House allowance.....	13,562,000
Committee recommendation	13,562,000

The Human Nutrition Information Service [HNIS] was established October 1, 1981, by the Secretary's memorandum No. 1000-1 issued pursuant to Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201). The functions of this agency were formerly carried out in the Agricultural Research Service. HNIS activities fall into one major category: Research, analysis, and technical assistance.

Research, analysis, and technical assistance is concerned with the conduct and interpretation of applied research in human nutrition to improve professional and public understanding of the nutritional adequacy of diets and food supplies. It is also concerned with the nutritive value of food and the development of knowledge needed to improve the nutritional quality of diets, thereby improving the general health of the American public.

COMMITTEE RECOMMENDATIONS

For the Human Nutrition Information Service for fiscal year 1986, the Committee recommends \$13,562,000. This is the same as the budget estimate, \$6,029,000 more than the level provided in fiscal year 1985, and the same as the amount provided in the House bill.

The increase above the 1985 level will allow the Department to proceed with the implementation of the comprehensive decennial Nationwide Food Consumption Survey [NFCS].

TITLE IV—INTERNATIONAL PROGRAMS

FOREIGN AGRICULTURAL SERVICE

1985 appropriation	\$83,622,000
1986 budget estimate.....	83,516,000
House allowance.....	83,547,000
Committee recommendation	83,547,000

The Foreign Agricultural Service was established on March 10, 1953, by Secretary's Memorandum No. 1320, supplement 1. Public Law 690, approved August 28, 1954, transferred the agricultural attachés from the Department of State to the Foreign Agricultural Service. In Secretary's Memorandum No. 2001, dated November 27, 1979, the Secretary assigned to the Service, by transfer, the Office of the General Sales Manager, which has responsibility for the agricultural commodity export programs and risk assurance programs.

The agency performs the following kinds of service functions:

- It maintains a worldwide agricultural intelligence and reporting service to provide U.S. farmers and traders with information on world agricultural production and trade, which they can use to adjust to changes in world demand for U.S. agricultural products. This is done through a continuous program of reporting by 76 posts located throughout the world covering some 105 countries.
- The Foreign Agricultural Service analyzes agricultural information essential to the assessment of foreign supply and demand conditions in order to provide estimates of the current situation and to forecast the export potential for specific U.S. agricultural commodities. Published economic data about commodities are combined with attaché reports and subjected to analysis through advanced econometric techniques to generate these estimates.

In addition, the Service is now using advanced techniques for identifying, delineating, and assessing the impact of events which may affect the condition and expected production of foreign crops of economic importance to the United States. The crop condition activity relies heavily on computer-aided analysis of satellite, meteorological, agricultural, and related data.

- The Service develops foreign markets for U.S. farm products through effective market expansion activities. It provides services to the U.S. and foreign agricultural trade sectors that are necessary to establish, build, and maintain overseas markets for U.S. agricultural products. The Agricultural Trade Act of 1978 includes authority to establish up to 25 agricultural trade offices. Currently, 12 such offices are in operation at key foreign trading centers to assist U.S.

exporters, trade groups, and State export marketing officials in trade promotion.

- The Service initiates, directs, and coordinates the Department's formulation of trade policies and programs with the goal of maintaining and expanding world markets for U.S. agricultural products. It monitors international compliance with bilateral and multilateral trade agreements. It identifies restrictive tariff and trade practices which act as barriers to the import of U.S. agricultural commodities, then supports negotiations to remove them. It acts to counter and eliminate unfair trade practices by other countries that hinder U.S. agricultural exports to third markets.
- The Service formulates policies and administers agricultural commodity export programs including: Public Law 480, which facilitates the sale of agricultural commodities on a long-term credit basis and the donation of agricultural commodities to foreign governments, intergovernmental and voluntary agencies, and the World Food Program; CCC Export Credit Guarantee Program; CCC Short-term Direct Credit Program; section 416 Overseas Dairy Donations Program; and export programs authorized by the Commodity Credit Corporation Charter Act (barter, sales from CCC-owned stocks, and export payments). In addition, the Service administers programs for receiving, compiling, and publishing data on export sales of specified agricultural commodities.

COMMITTEE RECOMMENDATIONS

For the Foreign Agricultural Service for fiscal year 1986, the Committee recommends an appropriation of \$83,547,000. This is \$75,000 less than was provided in 1985, \$31,000 more than the budget estimate, and the same as the amount provided in the House bill.

The Committee would like to underscore the agency's trade development responsibilities, noting the particularly grave trade and balance of payments situation today and the urgent need to increase agricultural exports. The Committee commends FAS on its ongoing efforts to reverse the downward trend in agricultural sales overseas. At the same time, it would like to encourage FAS to develop a staff esprit de corps that will focus even greater attention on the problem and produce an atmosphere where all staff will be participating fully in helping find creative solutions to meeting the challenge.

Likewise, the Committee expects FAS to work even more closely with U.S. nonprofit private trade and producer associations (for example, U.S. cooperators) to utilize their expertise to the fullest extent possible to help resolve the export problems currently faced by U.S. agriculture.

PUBLIC LAW 480

Under Public Law 480, as amended, exports of available agricultural commodities are made to friendly countries. Factors determining commodity availability are productive capacity, domestic requirements, farm and consumer price levels, anticipated commercial exports, and adequate carryover. No commodity is available for disposition if it would reduce the domestic supply below that needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars, unless the Secretary determines that some part of the supply should be used for urgent humanitarian purposes. No commodities may be made available except upon a determination that adequate storage facilities are available in the recipient country at the time of exportation to prevent spoilage or waste and that the distribution will not be a substantial disincentive to the recipient country's domestic production. In carrying out this program, emphasis is placed on assistance to those countries that are determined to help themselves by improving their agricultural production and economic development.

Facilities and funds of the Commodity Credit Corporation are, by law, used in carrying out programs for exporting agricultural commodities. The law also authorizes appropriations to be made to cover the costs of such programs. When funds become available, advances are made to the Corporation for estimated costs. If the amounts appropriated are greater than actual needs, the excess is used to reduce future appropriation requests. Because of these various funding authorities, actual program levels vary from the amounts provided in the appropriations bill.

The authorization for agreements to finance sales and programs of assistance under Public Law 480 was extended through December 31, 1985, by Public Law 97-98, approved December 22, 1981.

The following activities are currently being carried out under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83d Congress, as amended:

TITLES I AND III—CREDIT SALES

	Direct appropriation	Program level
1985 appropriation.....	\$705,000,000	(\$1,021,000,000)
1986 budget estimate	657,000,000	(1,030,000,000)
House allowance.....	657,000,000	(1,030,000,000)
Committee recommendation	657,000,000	(1,030,000,000)

Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms (titles I and III) (7 U.S.C. 1701-1715, 1727-1727f).—Title I of the legislation authorizes sales for convertible foreign currencies and for dollars on credit terms, and for financing commodities exported under title III food for development programs. Sales for dollars or convertible foreign currencies may be made to foreign governments, or they may involve United States and foreign private trade entities. Credit terms as favorable to the United

States as the economy of the foreign country will permit but not less than for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, are allowed under the legislation.

COMMITTEE RECOMMENDATION

For Public Law 480, titles I and III, the Committee recommends a program level of \$1,030,000,000. This is \$9,000,000 more than was provided in fiscal year 1985, and is the same amount as requested in the budget and provided in the House bill. Included in this program level is an appropriation of \$657,000,000. The balance of the program level will be financed from proceeds from sales of foreign currencies, dollar loan repayments, repayments on long-term credit sales, and carryover balances.

The Committee concurs with the House in expecting the Department's 1987 explanatory notes to contain a section on title III that covers the accomplishments and the plans for the budget year.

Furthermore, inadequate transportation systems in Public Law 480 recipient countries are frequently cited as the reason food resources do not get to people needing assistance. To help solve this problem, USDA is encouraged to help identify and require implementation of potential transportation improvement self-help measures for Public Law 480 title I and title III agreements.

TITLE II—COMMODITIES FOR DISPOSITION ABROAD

	Direct appropriation	Program level
1985 appropriation	\$1,034,000,000	(\$1,050,000,000)
1986 budget estimate	650,000,000	(650,000,000)
House allowance.....	650,000,000	(650,000,000)
Committee recommendation.....	650,000,000	(650,000,000)

Commodities supplied in connection with dispositions abroad (Title II) (7 U.S.C. 1721-1726).—Commodities are supplied without cost to friendly nations and friendly peoples in times of famine or other emergency relief needs, to combat malnutrition, and to promote economic and community development in underdeveloped countries. The Corporation pays ocean freight on shipments under this title, and may also pay overland transportation costs to a landlocked country. Each year, up to \$7,500,000 of foreign currencies accruing under title I may be purchased from this appropriation to meet costs of self-help activities (other than personnel and administrative) of cooperating groups.

COMMITTEE RECOMMENDATION

For title II of Public Law 480, the Committee recommends an appropriation of \$650,000,000. Although this is \$384,000,000 less than the amount ultimately provided in fiscal year 1985, it is the same amount as was initially appropriated for fiscal year 1985 (prior to supplementals), the same amount as the budget request, and the same amount as provided in the House bill. In addition to this amount, it is estimated that

\$97,200,000 in fiscal year 1985 title II funds will be carried over into fiscal year 1986. Furthermore, an additional \$225,000,000 will be available from the emergency reserve for African famine relief, as discussed below. This will make available \$972,200,000 for regular and emergency programs for fiscal year 1986.

The Committee also recommends bill language which will increase the portion of funds which may be transferred between titles from 10 to 15 percent to permit a more effective response to constantly changing needs of importing countries. The 15-percent transfer provision is consistent with the authorization for this program. The House provided for a 10-percent transfer.

Much has been said in recent months about frequent delays of Public Law 480 title II commodities at ports of entry rather than getting to hungry people quickly. Most of the reported problems have stemmed from a lack of adequate local transportation to the interior of recipient nations.

The Committee understands that many of the complaints were the result of the tremendous volumes shipped to meet emergency needs in Ethiopia and Sudan, and that shipments are currently moving smoothly in most situations. The Department is to be lauded for its assistance in helping overcome the initial difficulties. Likewise, USDA is encouraged to use its expertise wherever possible to help identify and resolve potential problems before future shipments are made.

EMERGENCY RESERVE FOR AFRICAN FAMINE RELIEF

In the fiscal year 1985 urgent supplemental appropriations bill for African famine relief (Public Law 99-10), Congress established an emergency reserve for African famine relief under title II of Public Law 480. The reserve was funded at \$225,000,000, to remain available through fiscal year 1986.

The emergency reserve was created as a separate account because of the concern of Congress that funds be immediately available in an emergency situation. The funds will be available only if the President certifies that the use of such funds is essential to famine relief in Africa. Further, prior to the release of funds in the reserve, the Administrator of the Agency for International Development [AID] is required to prepare and submit to Congress a plan to utilize such funds for African famine relief.

Because sufficient funding was provided in fiscal year 1985 under title II, the emergency reserve remains untapped. Therefore, the full \$225,000,000 will be available for emergency situations in fiscal year 1986. The Committee is aware of the serious needs in Africa that are anticipated to occur during fiscal year 1986, and expects that the President will find it necessary to make the required submissions and certifications allowing the use of these funds for famine relief in Africa. The Administrator of the Agency for International Development, therefore, should undertake at the earliest possible date to assess the timing for release of this emergency reserve during fiscal year 1986 and present

the Congress with a plan to utilize these funds, as provided for in Public Law 99-10. If additional funds should be required, however, the Committee will expect the administration to submit the necessary supplemental request.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

1985 appropriation	\$5,038,000
1986 budget estimate.....	3,917,000
House allowance.....	3,917,000
Committee recommendation	5,417,000

The Office of International Cooperation and Development [OICD] was established by Secretary's Memorandum No. 1947, dated May 1, 1978. OICD is responsible for coordinating, planning, and directing the Department's programs in international development and technical cooperation in food and agriculture.

In conducting such programs, OICD utilizes the resources of USDA agencies and maintains close relationships with the Agency for International Development [AID], other Government agencies, land-grant universities, and international organizations. OICD activities include technical assistance to developing countries, the arrangement of training of international participants in the United States and overseas, scientific and technical exchanges, and the implementation of the development aspects of food assistance programs. Services provided are financed largely by reimbursement of funds from AID, other institutions, and contracting nations.

COMMITTEE RECOMMENDATIONS

For the Office of International Cooperation and Development for fiscal year 1986, the Committee recommends an appropriation of \$5,417,000. This is \$379,000 more than was provided in 1985, and \$1,500,000 more than the budget estimate and the amount provided in the House bill.

AGRICULTURAL SCHOLARSHIPS FOR FOREIGN STUDENTS

In fiscal year 1984, the Department initiated a scholarship program for agricultural scientists and administrators from middle-income countries which have graduated from eligibility for scholarships funded through the Agency for International Development. This program was initiated as a result of a directive from this Committee and was funded by a \$1,500,000 appropriation agreed to by the conferees on the fiscal year 1984 Agriculture appropriations bill.

During the first year of the program, 102 agriculturists from Colombia, the Ivory Coast, Korea, Mexico, Turkey, and Venezuela were selected for U.S. training. These were mid- or senior-level participants, 58 percent being government officials, 9 percent serving as university officials, and 33 percent representing the private sector. Participants enrolled in university classes, conducted research in USDA laboratories, and participated in hands-on learning experiences in the areas of agri-

cultural production, processing, marketing, management, disease control, and animal science.

Evaluations of the training experiences have been extremely positive. Participants cite improved skills and the establishment of valuable U.S. contacts as a result of the program. USDA Foreign Agricultural Service counselors/attachés overseas report increased contact with the agricultural ministries and private sector. U.S. trade cooperators anticipate trade opportunities; one private U.S. company has already reported a \$550,000 sale of dairy cattle as a result of involvement in the program.

As a further testimony to the perceived value of the program, some of the recipient countries and U.S. trade cooperators (including the American Soybean Association and the U.S. Feed Grains Council) have offered to provide funds for transportation and training to supplement the moneys available by direct appropriation. This leveraging of funds is permitting eight countries to participate in the program during the second year: Algeria, the Ivory Coast, Iraq, Korea, Mexico, Turkey, Venezuela, and Yugoslavia.

Many of the students who have gone through programs sponsored by the United States in the past are now in leadership positions in their countries, and are directly involved in formulating and implementing the agricultural policy of their respective nations. There is much evidence that the friendships and knowledge of American agricultural systems gained through these U.S. programs result in goodwill and cooperation as well as increased trade between our countries.

This program with middle-income countries is providing a continuing link with those nations that are no longer eligible for AID-sponsored activities. It is providing these nations with continued access to essential resources. The Committee has cited it as an avenue for the development of long-term friendships, scientific cooperation, and enhanced economic and trade relationships. From the evidence noted above, the program is experiencing exceptional success in meeting its objectives.

As outlined at the outset of the program in fiscal year 1984, the Committee envisions this to be a 3-year effort, with continuation after that time to be based on a review of the progress being made. With the obvious success so far, funding for the third year is essential.

To assist the Committee in determining the merits of continuing the program beyond the third year, OICD is directed to furnish the Committee by June 1, 1986, a detailed report on the program. This report should include statistical data regarding numbers of trainees, countries, and types of programs as well as reactions/evaluations from the participants, their governments/home organizations, U.S. agricultural counselors/attachés, U.S. trade cooperators, and others, as appropriate.

FAO ASSOCIATE EXPERT PROGRAM

The Committee is aware of the Associate Expert Program of the Food and Agriculture Organization of the United Nations, and feels much benefit could come from participation in this program by USDA. OICD is, therefore, requested to explore with FAO and the State Department the options available for USDA participation.

OICD is also requested to serve as a focal point within USDA for the Associate Expert Program. If it is determined that USDA employees are eligible for this program, OICD is to work closely with the Agricultural Research Service, the Animal and Plant Health Inspection Service, and other USDA agencies to attempt to place four or five recent university graduates as FAO associate experts. Funding for such assignments would come from the employees' home agencies.

SCIENTIFIC ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)

1985 appropriation	\$5,000,000
1986 budget estimate	
House allowance	
Committee recommendation	5,000,000

COMMITTEE RECOMMENDATIONS

In addition to the activities discussed in the previous account, OICD is responsible for an international research program which utilizes foreign currencies generated by the sale of surplus agricultural commodities under title I of Public Law 480. As initiated, the research program was confined to market development research authorized by section 104(b)(1) of Public Law 480, as amended. The program was subsequently expanded to include agricultural and forestry research under section 101(b)(3) of Public Law 480, as amended. It now involves work in the following general areas: farm research, utilization research, marketing research, forestry research, agricultural economics, and human nutrition research. Secretary's Memorandum No. 1998 transferred the functions of international cooperative research to OICD.

The Committee recommends an appropriation of \$5,000,000 for scientific activities overseas. This is the same as the amount provided in 1985, and \$5,000,000 more than the House allowance and the budget estimate. Since the Secretary's Memorandum No. 1998 transferred the functions of international cooperative research to OICD, the Committee has transferred this account from the appropriation recommended for the Agricultural Research Service for scientific activities overseas (the Foreign Currency Program) to OICD.

This research is conducted with local currencies in countries in which the United States has foreign currency available in excess of normal U.S. requirements. The dollars appropriated for this purpose are used to purchase these excess currencies from the Treasury Department.

The Committee recognizes that the levels of U.S.-owned foreign currencies are declining. Excess funds do still exist, however. Excess currencies are still available in India, Pakistan, Burma, Guinea, and Poland (although India will probably be removed from this list by the end of 1985). A number of other countries, including Taiwan and Yugoslavia, are near excess, where balances of U.S.-owned foreign currency are on hand that can be used for high-priority U.S. Government activities.

The Committee feels the Special Foreign Currency Research Program is an effective way to use these foreign currencies for the benefit of both the United States and other nations. These currencies provide op-

portunities for foreign scientists to work on exotic animal and plant diseases that would not be possible in the United States because of quarantine restrictions. Work is underway in India and Pakistan on Karnal Bunt of wheat, for example. This serious disease of wheat originated in South Asia, but was discovered in U.S.-operated wheat seed development nurseries in Mexico in early 1983. Being able to do research to determine effective ways of combating the disease in countries of origin is important because of the danger of contamination if done in the United States.

This program also provides an opportunity to obtain and/or evaluate plant and animal germplasm as well as biological control materials that are not available in the United States. It provides an opportunity to study differing storage and transportation situations for U.S. exports. It permits quality research on nontraditional approaches to biotechnology and also provides a very cost effective way to do research that is particularly labor intensive.

Numerous examples of research results that have direct benefits to the United States are readily available. These cover subjects ranging from weed control through livestock diseases known to infect humans. They include development of disease resistant crop varieties through use of embryo transfers as a way to exchange bloodlines without danger of also exchanging diseases.

With the tremendous benefits to be gained by putting these excess currencies to use, the Committee recommends a continuation of the Foreign Currency Research Program at its former \$5,000,000 level. These excess foreign currencies do not represent a dollar outlay by the U.S. Government but, rather, an intergovernmental fund transfer. Continuation of the program would, therefore, be purchasing research results of benefit to the United States rather than having these funds sitting idly in an excess currency account. The appropriation for this account shall remain available until expended.

TITLE V—RELATED AGENCIES

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

The programs of the Food and Drug Administration [FDA] are designed to achieve consumer protection by ensuring that foods are safe, pure, and wholesome; that human and animal drugs, biological products, and therapeutic devices are safe and effective; and radiological products and their operation do not result in unnecessary exposure to radiation.

To accomplish its mission, FDA sets food and product standards; evaluates the safety and efficacy of new drugs before they are marketed; conducts and sponsors research to detect health hazards and violations of consumer laws or regulations; informs business firms and consumers about FDA related topics; works with State and local agencies to develop programs that will supplement or complement those of FDA; maintains surveillance over foods, drugs, and electronic products to ensure that they are safe, effective, and honestly labeled; and takes legal action where necessary to remove violative products from the marketplace and to prosecute firms or individuals that violate the law.

The programs in support of these objectives are encompassed within five budget activities: (1) foods, (2) drugs and devices, (3) radiological products, (4) National Center for Toxicological Research, and (5) program management.

SALARIES AND EXPENSES

1985 appropriation	\$387,157,000
1986 budget estimate.....	393,657,000
House allowance.....	392,370,000
Committee recommendation	394,044,000

COMMITTEE RECOMMENDATIONS

For salaries and expenses for fiscal year 1986, the Committee recommends \$394,044,000. This is \$6,887,000 more than the amount appropriated in fiscal year 1985, \$1,674,000 more than the House allowance, and \$387,000 more than the budget estimate.

The Committee concurs with the House action to maintain separate accounts for the several categories of expenditures under the Food and Drug Administration.

Also, the Committee has stricken House bill language prohibiting the collection of user fees. According to the Comptroller General of the United States, this provision "clearly prohibits any agency receiving

funds under H.R. 3037 from using those funds to develop, establish, or operate a user fee program under 31 United States Code 9701." Thus, the House provision would prohibit USDA, as well as FDA, from using funds in this act to implement user fees.

The Committee notes that the Food and Drug Administration has proposed regulations to collect user charges from pharmaceutical companies in connection with the filing of new drug applications. The Committee includes the bill language which will permit the crediting directly to this account of up to \$5,000,000 collected from new user charges to be implemented in 1986. These funds are in addition to the \$394,000,000 appropriated by this Committee for necessary expenses for FDA in fiscal year 1986. This amount is to be retained by FDA and used for improvements in the new drug approval process. This will allow the agency to process and approve new drug applications more expeditiously so that better pharmaceutical products are available to combat disease affecting the American population.

Orphan drugs.—The Committee strongly concurs with the House recommendation that the orphan drugs program be provided a total of not less than \$3,500,000 in fiscal year 1986. The Orphan Drug Act makes clear the intent of Congress that expanded efforts be devoted to finding new treatments for rare diseases. That act not only provides incentives for private investment, but specifically authorizes increased Government funding of research projects on promising products. The Committee is pleased with the progress of this effort and urges the agency to continue to give orphan drugs a high priority. FDA should continue to encourage research and development in this vastly important field and should make every possible effort to reduce the current backlog of approved grant applications. In that light, the Committee concurs with the House in stipulating that not less than \$1,800,000 of the total amount shall be used for funding orphan product grants.

Sulfiting agents.—Given the fact that the Food and Drug Administration has received reports of 21 deaths involving the use of sulfites, and over 800 reports involving other injuries, the Committee remains extremely concerned about the safety of sulfites as a food additive. The Committee commends FDA for instituting action to ban the use of sulfites on fresh fruits and vegetables and urges the earliest implementation of the ban.

The Committee further understands that the Commissioner is considering the safety of sulfites in two other areas—the use on potatoes and all other uses—and it will expect FDA to continue its safety review of sulfites and report to the Committee in a timely manner.

Orange juice adulteration.—The Committee has noted the FDA effort to inventory and catalog orange juice imports into the United States. The Committee believes this is an important effort in the ongoing program to continue strong enforcement of orange juice adulteration laws. The Committee will expect FDA to continue this study and to see it through to its logical conclusion.

Antibiotics in animal feed.—The Committee continues to be concerned about the issue of the subtherapeutic use of antibiotics in animal feeds. In last year's Committee report the Food and Drug Administration was directed to review all scientific data on the subject and report to the Committee on its conclusions and probable future actions.

To date, the evidence presented to support the position that discontinuing the use of subtherapeutic antibiotics in animal feeds would improve human health is inconclusive. Much attention has been given to a recent Center for Disease Control [CDC] study of an outbreak of salmonella in the Midwest. Information obtained by the Committee questions the validity of the CDC's study and refutes the conclusions which have been drawn from its results. The Committee, of course, continues to be interested in objectively weighing information on all sides of this issue.

It has come to the Committee's attention that the Animal Health Institute has underway several epidemiological studies that had been previously recommended by the National Academy of Sciences. These studies, in addition to those undertaken by the FDA, will provide vital data on whether or not antibiotic resistant bacteria can be transferred from meat and animals to humans. The results of these studies will be available this fall.

The Committee is aware that the FDA is continuing to study this issue, and, therefore, will expect the FDA to consider the final reports of the several epidemiological studies commissioned by the Animal Health Institute before the Agency takes further action restricting the use of antibiotics in animal feeds.

BUILDINGS AND FACILITIES

1985 appropriation	\$1,450,000
1986 budget estimate	1,450,000
House allowance	1,450,000
Committee recommendation	1,450,000

COMMITTEE RECOMMENDATIONS

The "Buildings and Facilities" account is established for repair and improvement of existing facilities and for the construction of new facilities. For fiscal year 1986, the Committee recommends \$1,450,000. This is the same as the amount provided in 1985, the same as the budget request, and the same as the House provision.

STANDARD LEVEL USER CHARGES, FDA

1985 appropriation	\$26,072,000
1986 budget estimate	25,888,000
House allowance	25,888,000
Committee recommendation	25,888,000

COMMITTEE RECOMMENDATIONS

The Committee recommends an appropriation of \$25,888,000 for standard level user charges for the Food and Drug Administration. This is the same as the amount provided in the House bill, the same as the budget request, and \$184,000 less than the amount provided in 1985.

COMMODITY FUTURES TRADING COMMISSION

1985 appropriation	\$27,564,000
1986 budget estimate.....	27,981,000
House allowance.....	28,416,000
Committee recommendation	30,307,000

The Commodity Futures Trading Commission [CFTC] was established as an independent agency by the Commodity Futures Trading Commission Act of 1974 (88 Stat. 1389; 7 U.S.C. 4a).

The Commodity Futures Trading Commission [CFTC] administers the Commodity Exchange Act of 1936, as amended by the Commodity Futures Trading Commission Act of 1974 and the Futures Trading Act of 1978. The act brought under Federal regulation futures trading in all goods, articles, services, rights, and interests; commodity options trading; and leverage trading in gold and silver bullion and coins; and otherwise strengthened the regulation of the commodity futures trading industry. It established a comprehensive regulatory structure to oversee the volatile futures trading complex.

The purpose of the Commission is to protect and to further the economic utility of futures markets by encouraging their efficiency, assuring their integrity, and by protecting participants against manipulation, abusive trade practices, fraud, and deceit. The objective is to enable the markets to better serve their designated functions of providing a price discovery mechanism and providing price risk insurance. In properly serving these functions, the futures markets contribute toward better planning, more efficient distribution and consumption, and more economical marketing.

Programs in support of the overall mission include market surveillance; market research and education; registration, audits and contract markets; and enforcement. CFTC activities are carried out in Washington, DC, four regional offices located in Chicago, New York, Kansas City, and San Francisco; and a branch office located in Minneapolis.

COMMITTEE RECOMMENDATIONS

For the Commodity Futures Trading Commission for fiscal year 1986, the Committee recommends \$30,307,000. This is \$1,891,000 more than the amount provided in the House bill, \$2,326,000 more than the budget request, and \$2,743,000 more than the amount provided in 1985. This level of funding will provide for the maintenance of current services by retaining the current staff level and by allowing for increased operating expenses.

FARM CREDIT ADMINISTRATION

LIMITATION ON ADMINISTRATIVE EXPENSES

1985 limitation	(\$22,092,000)
1986 budget estimate.....	(21,175,000)
House allowance	(21,175,000)
Committee recommendation	(21,175,000)

The Farm Credit Administration is the independent Federal agency responsible for the regulation, supervision, and examination of the borrower-owned banks and associations that comprise the cooperative Farm Credit System.

Activities of the Farm Credit Administration include assistance in financing and investments, credit analysis, development of appraisal standards and policies, preparation of reports and budgets, and preparation and distribution of information on agricultural credit and the services offered by the various institutions of the system. The administration also issues regulations governing the lending activities and operations of the institutions under its supervision.

The administration and the institutions under its supervision now operate under authorities contained in the Farm Credit Act of 1971, Public Law 92-181, effective December 10, 1971, as amended by Public Law 96-592, effective December 24, 1980. The act provides for the farmer-owned cooperative system to make credit available to farmers and ranchers, for rural residences, and to cooperatives and other borrowers for farm related businesses upon which farming operations are dependent, to provide for an adequate and flexible flow of money into rural areas, and to modernize and to consolidate existing farm credit law to meet current and rural credit needs.

All expenses of the activities and personnel of the Farm Credit Administration are paid by assessments collected from the banks of the farm credit system.

COMMITTEE RECOMMENDATIONS

For the limitation on administrative expenses of the Farm Credit Administration for fiscal year 1986, the Committee recommends \$21,175,000. This is \$917,000 less than the limitation in 1985, the same as the budget estimate, and the same as the House allowance.

TITLE VI—GENERAL PROVISIONS

Sections 601 through 604 and 606 through 625 of the general provisions contained in the accompanying bill for fiscal year 1986 are essentially the same as those included in previous appropriation bills, with the exception of the deletion of section 615 which is discussed in the report under Farmers Home Administration, "Salaries and Expenses" account.

Section 605 has been modified to strengthen and clarify the language which has been included in past years pertaining to marijuana or other drug-producing plants. The Committee believes that no Federal financial assistance should be available to anyone who has knowingly participated in the growing or distribution of marijuana.

Section 626 is included to bring order and efficiency to procurement offices and to contractors, and to ensure that necessary support services do not lapse at the end of a fiscal year.

Section 627 states that appropriations shall be applied only to objects for which the appropriations were made except as otherwise provided by law.

Section 628 is discussed in the report under the Agricultural Stabilization and Conservation Service, "Salaries and Expenses" account.

COMPLIANCE WITH RULE XVI, PARAGRAPH 7

Rule XVI, paragraph 7 states:

"Every report on general appropriation bills filed by the Committee on Appropriations shall identify with particularity each recommended amendment which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session."

The programs subject to identification under rule XVI, paragraph 7 are: (1) State administrative expenses for feeding programs; (2) commodity assistance to feeding programs, camps, institutions, Indian tribes, and disaster areas; (3) Special Supplemental Food Program for Women, Infants, and Children [WIC]; (4) Summer Food Service Program; (5) Nutrition Information and Education Program; (6) Food Stamp Program; (7) Overseas Export Promotion Program; (8) Public Law 480 export financing; (9) rural housing grants and loans; (10) agriculture research and extension projects and facilities; (11) higher education; and (12) improved coordination and planning of agriculture research and extension activities, including the use of advisory boards.

The Committee recommends that funds in the following accounts remain available until expended: Dairy Indemnity Program; Rural

Housing for Domestic Farm Labor; Agricultural Research Service, Buildings and Facilities; and Scientific Activities Overseas (Foreign Currency Program).

COMPLIANCE WITH RULE XXVI, PARAGRAPH 12

Rule XXVI, paragraph 12 of the Standing Rules of the Senate states:

"Whenever a committee reports a bill or a joint resolution repealing or amending any statute or part thereof it shall make a report thereon and shall include in such report or in an accompanying document (to be prepared by the staff of such committee) (a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee. This paragraph shall not apply to any such report in which it is stated that, in the opinion of the committee it is necessary to dispense with the requirements of this subsection to expedite the business of the Senate."

The Committee has recommended no such provision.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986**

[Amounts in dollars]

Item (1)	1985 Appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recom- mendation (5)	Senate committee recommendation compared with (+ or -)		
					1985 Appropriation (6)	Budget estimate (7)	House allowance (8)
TITLE I - AGRICULTURAL PROGRAMS							
Production, Processing and Marketing							
Office of the Secretary.....	5,305,000	4,885,000	1 1,750,000	5,360,000	+55,000	+475,000	+3,610,000
Office of the Assistant Secretary for Administration..	---	---	1 484,000	---	---	---	-484,000
Standard Level User Charges (USDA).....	53,454,000	59,500,000	49,454,000	57,100,000	+3,646,000	-2,400,000	+7,646,000
Building operations and maintenance.....	13,800,000	17,800,000	17,800,000	17,800,000	+4,000,000	---	---
Advisory Committees (USDA).....	1,385,000	1,385,000	1,323,000	1,323,000	-62,000	-62,000	---
Departmental Administration.....	18,868,000	17,795,000	19,130,000	19,130,000	+262,000	+1,335,000	---
Working Capital Fund.....	6,000,000	6,000,000	6,000,000	6,000,000	---	---	---
Office of the Assistant Secretary for Governmental and Public Affairs.....	---	---	1 337,000	---	---	---	-337,000
Office of Governmental and Public Affairs.....	7,657,000	7,038,000	---	7,720,000	+63,000	+682,000	+7,720,000
Public Affairs.....	---	---	6,758,000	(6,758,000)	---	---	-6,758,000
Legislative Liaison.....	---	---	495,000	(495,000)	---	---	-495,000
Intergovernmental Affairs.....	---	---	467,000	(467,000)	---	---	-467,000
Office of the Inspector General.....	30,142,000	27,764,000	30,756,000	30,756,000	+614,000	+2,992,000	---
(Transfer from food stamp program).....	(16,355,000)	(14,710,000)	(15,924,000)	(15,924,000)	(-431,000)	(+1,214,000)	---
Total, Office of the Inspector General.....	(46,497,000)	(42,474,000)	(46,680,000)	(46,680,000)	(+183,000)	(+4,206,000)	---
Office of the General Counsel.....	14,929,000	13,925,000	15,077,000	15,077,000	+148,000	+1,152,000	---
(Transfer from food stamp program).....	(974,000)	(786,000)	(786,000)	(786,000)	(-188,000)	---	---
Total, Office of the General Counsel.....	(15,903,000)	(14,711,000)	(15,863,000)	(15,863,000)	(-40,000)	(+1,152,000)	---

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986—Continued**

[Amounts in dollars]

Item (1)	1985 Appropriation (2)	Budget estimate (3)	House allowance (4)	Senate committee recommendation compared with (+ or -)			
				Committee recom- mendation (5)	1986 Appropriation (6)	Budget estimate (7)	House allowance (8)
Office of the Assistant Secretary for Economics.....	---	---	1 418,000	---	---	---	-418,000
Economic Research Service.....	47,098,000	46,305,000	46,305,000	46,305,000	-793,000	---	---
Statistical Reporting Service.....	58,287,000	59,505,000	59,079,000	59,079,000	426,000	-426,000	---
World Agricultural Outlook Board.....	1,676,000	1,680,000	1,680,000	1,680,000	44,000	---	---
Office of the Assistant Secretary for Science and Education.....	---	---	1 371,000	---	---	---	-371,000
Agricultural Research Service.....	493,106,000	498,753,000	492,806,000	501,043,000	47,937,000	42,290,000	48,237,000
Special fund (reappropriations, indefinite).....	2,000,000	2,000,000	2,000,000	2,000,000	---	---	---
Buildings and facilities.....	23,050,000	---	3,600,000	3,350,000	-19,700,000	43,350,000	-250,000
Cooperative State Research Service.....	290,776,000	251,356,000	276,428,000	290,336,000	-440,000	438,980,000	413,908,000
Funds made available by P.L. 98-473.....	(700,000)	---	---	---	(-700,000)	---	---
Extension Service.....	343,727,000	265,137,000	302,731,000	342,338,000	-1,389,000	477,201,000	439,607,000
(Transfer from food stamp program).....	---	---	(38,627,000)	---	---	---	(-38,627,000)
Total, Extension Service.....	(343,727,000)	(265,137,000)	(341,358,000)	(342,338,000)	(-1,389,000)	(477,201,000)	(4980,000)
National Agricultural Library.....	11,464,000	11,340,000	11,340,070	11,340,000	-124,000	---	---
Total, Research and Extension.....	1,164,123,000	1,028,586,000	1,088,905,000	1,150,407,000	-13,716,000	4121,821,000	461,502,000
Office of the Assistant Secretary for Marketing and Inspection Services.....	---	---	1 347,000	---	---	---	-347,000

Animal and Plant Health Inspection Service:									
Salaries and expenses.....	298,557,000	248,807,000	281,165,000	309,502,000	+10,945,000	+60,695,000	+28,337,000		
Buildings and facilities.....	2,361,000	2,361,000	4,262,000	4,262,000	+1,901,000	+1,901,000			
Total, Animal & Plant Health Inspection Service.....	300,918,000	251,168,000	285,427,000	313,764,000	+12,846,000	+62,596,000	+28,337,000		
Food Safety and Inspection Service.....									
Federal Grain Inspection Service.....	364,635,000	364,265,000	358,494,000	370,000,000	+5,735,000	+11,506,000			
Inspection and Weighing Services (limitation on administrative expenses, from fees collected)....	6,994,000	7,045,000	7,045,000	7,045,000					
Agricultural Cooperative Service.....	(36,856,000)	(36,856,000)	(36,856,000)	(36,856,000)					
Agricultural Marketing Service:	4,675,000	3,699,000	4,713,000	4,713,000	+38,000	+1,014,000			
Marketing Services.....	31,005,000	30,626,000	31,455,000	32,208,000	+1,203,000	+1,582,000	+753,000		
(Limitation on administrative expenses, from fees collected).....	(27,253,000)	(27,253,000)	(27,253,000)	(27,253,000)					
Funds for strengthening markets, income, and supply (Section 32) (by transfer).....	(6,145,000)	(6,193,000)	(6,193,000)	(6,193,000)	(+48,000)				
Payments to States and possessions.....	990,000		990,000	990,000		+990,000			
Office of Transportation.....	2,542,000	2,163,000	2,466,000	2,466,000	-76,000	+303,000			
Total, Agricultural Marketing Service.....	34,537,000	32,789,000	34,911,000	35,664,000	+1,27,000	+2,875,000	+753,000		
Packers and Stockyards Administration.....									
	9,035,000	9,201,000	9,201,000	9,201,000	+166,000				
Total, Production, Processing and Marketing.....	2,143,518,000	1,960,335,000	2,046,727,000	2,158,124,000	+14,606,000	+197,789,000	+111,397,000		
Farm Income Stabilization									
Office of the Under Secretary for International Affairs and Commodity Progress.....			1,502,000						-502,000

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986—Continued**

[Amounts in dollars]

Item (1)	1985 Appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recom- mendation (5)	Senate committee recommendation compared with (+ or -)		
					1986 Appropriation (6)	Budget estimate (7)	House allowance (8)
Agricultural Stabilization and Conservation Service:							
Salaries and expenses.....	50,857,000	---	---	---	-50,857,000	---	---
(Transfer from Commodity Credit Corporation)...	(344,199,000)	(343,199,000)	(395,119,000)	(406,524,000)	(462,325,000)	(463,325,000)	(+11,405,000)
Total, salaries and expenses, ASCS.....	(395,056,000)	(343,199,000)	(395,119,000)	(406,524,000)	(411,468,000)	(463,325,000)	(+11,405,000)
Bairs indemnity program.....	100,000	---	100,000	100,000	---	+100,000	---
CORPORATIONS							
Federal Crop Insurance Corporation:							
Administrative and operating expenses.....	200,502,000	239,467,000	206,502,000	240,194,000	439,692,000	4727,000	+39,692,000
Federal crop insurance corporation fund.....	223,000,000	135,000,000	135,000,000	135,000,000	-88,000,000	---	---
Subscription to capital stock.....	50,000,000	---	---	---	-50,000,000	---	---
Total, Federal Crop Insurance Corporation.....	473,502,000	374,467,000	335,502,000	375,194,000	-98,308,000	4727,000	+39,692,000
Commodity Credit Corporation:							
Reimbursement for net realized losses &.....	12,285,790,000	9,396,240,000	9,195,240,000	---	-12,285,790,000	-9,396,240,000	-9,195,240,000
General Sales Manager (transfer from Commodity Credit Corporation).....	(6,079,000)	(5,882,000)	(6,089,000)	(6,089,000)	(110,000)	(1207,000)	---
Total, Farm Income Stabilization.....	12,810,249,000	9,770,707,000	9,531,344,000	375,294,000	-12,434,955,000	-9,395,413,000	-9,156,050,000

Total, title I, Agricultural Programs:

Definite appropriations.....	14,951,767,000	11,729,042,000	11,576,071,000	2,531,418,000	-12,420,349,000	-9,197,624,000	-9,044,653,000
Indefinite appropriations.....	2,000,000	2,000,000	2,000,000	2,000,000	---	---	---
(By transfer).....	(367,607,000)	(364,577,000)	(458,545,000)	(429,323,000)	(461,716,000)	(464,746,000)	(-27,222,000)
(Transfer from Sec. 32).....	(6,145,000)	(6,193,000)	(6,193,000)	(6,193,000)	(440,000)	---	---
(Limitation on obligations).....	(64,809,000)	(64,109,000)	(64,109,000)	(64,109,000)	(-700,000)	---	---
Total, new budget (obligational) authority, Agricultural Programs.....	14,953,767,000	11,731,042,000	11,578,071,000	2,533,418,000	-12,420,349,000	-9,197,624,000	-9,044,653,000

TITLE II - RURAL DEVELOPMENT PROGRAMS

Rural Development Assistance

Office of the Under Secretaries for Small Community and
Rural Development.....
Office of Rural Development Policy:
Salaries and expenses.....
Farmers Home Administration:
Rural Housing Insurance Fund:

Direct loans.....	(17,000,000)	---	1	415,000	---	---	-415,000
Insured loans.....	(3,220,000,000)	(30,000,000)	(3,220,000,000)	(1,932,000,000)	(-1,288,000,000)	(1,902,000,000)	(-6,800,000)
Collection and servicing contracts (limitation on obligations).....	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	---	---	---
Site loans.....	(1,000,000)	---	(1,000,000)	(600,000)	(-400,000)	(4600,000)	(-400,000)
Rent supplement authorization.....	(116,000,000)	(50,000,000)	(198,000,000)	(132,513,000)	(416,513,000)	(482,513,000)	(-65,487,000)
Reimbursement for interest and other losses.....	1,843,927,000	2,136,784,000	1,843,927,000	2,136,784,000	4292,857,000	---	4292,857,000

Total, Rural Housing Insurance Fund:

Definite appropriations.....	1,843,927,000	2,136,784,000	1,843,927,000	2,136,784,000	4292,857,000	---	4292,857,000
(Loan authorization).....	(3,354,000,000)	(80,000,000)	(3,436,000,000)	(2,075,313,000)	(-1,278,687,000)	(41,995,313,000)	(-1,360,687,000)
(Limitation on obligations).....	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	---	---	---

Self-help land development fund (loan
authorization).....

(-2,700,000)

* Requested in the FY 1966 budget document as a permanent indefinite appropriation.

Rural Development Insurance Fund:

Water and sewer facility loans.....	(340,000,000)	(50,000,000)	(340,000,000)	(340,000,000)	---	(+290,000,000)	---
Industrial development loans: Guaranteed.....	(150,000,000)	---	(100,000,000)	(100,000,000)	(-50,000,000)	(+100,000,000)	---
Community facility loans.....	(115,000,000)	---	(115,000,000)	(75,000,000)	(-40,000,000)	(+75,000,000)	(-40,000,000)
Reimbursement for losses.....	560,005,000	612,098,000	560,005,000	612,098,000	+52,093,000	---	+52,093,000

Total, Rural Development Insurance Fund:

Definite appropriations.....	560,005,000	612,098,000	560,005,000	612,098,000	+52,093,000	---	+52,093,000
(Loan authorization).....	(605,000,000)	(50,000,000)	(555,000,000)	(515,000,000)	(-90,000,000)	(+145,000,000)	(-40,000,000)

Rural water and waste disposal grants.....	115,000,000	25,000,000	115,000,000	115,000,000	---	+90,000,000	---
Very low-income housing repair grants.....	12,500,000	---	12,500,000	12,500,000	---	+12,500,000	---
Rural housing for domestic farm labor.....	---	---	---	10,000,000	+10,000,000	---	+10,000,000
Mutual and self-help housing.....	8,000,000	---	8,000,000	8,000,000	---	+8,000,000	---
Rural community fire protection grants.....	3,250,000	---	3,250,000	3,250,000	---	+3,250,000	---
Compensation for construction defects.....	1,000,000	---	1,000,000	500,000	-500,000	+500,000	-500,000
Rural rental assistance payments.....	52,250,000	---	---	---	-52,250,000	---	---
Rural housing preservation grants.....	5,000,000	---	(20,000,000)	(20,000,000)	-5,000,000	---	---

Salaries and expenses.....	352,297,000	240,180,000	352,297,000	394,197,000	+41,900,000	+154,017,000	+37,900,000
(Transfer from loan accounts).....	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	---	---	---

Total, salaries and expenses.....

	(356,297,000)	(244,180,000)	(360,297,000)	(398,197,000)	(+41,900,000)	(+154,017,000)	(+37,900,000)
--	---------------	---------------	---------------	---------------	---------------	----------------	---------------

Total, Farmers Home Administration.....

	4,043,172,000	4,491,627,000	3,989,922,000	4,769,894,000	+779,722,000	+278,267,000	+779,972,000
--	---------------	---------------	---------------	---------------	--------------	--------------	--------------

Rural Electrification Administration:

Rural electrification & telephone revolving fund:

Direct loans:

Insured loans:

Electric.....	(850,000,000)	(500,000,000)	(850,000,000)	(650,000,000)	(-200,000,000)	(+150,000,000)	---
Telephone.....	(250,000,000)	(75,000,000)	(250,000,000)	(250,000,000)	---	(+175,000,000)	---
Total, insured loans.....	(1,100,000,000)	(575,000,000)	(900,000,000)	(900,000,000)	(-200,000,000)	(+325,000,000)	---

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986—Continued**

[Amounts in dollars]

Senate committee recommendation compared with (+ or -)							
Item (1)	1985 Appropriation (2)	Budget estimate (3)	House allowance (4)	Committee recom- mendation (5)	1985 Appropriation (6)	Budget estimate (7)	House allowance (8)
Guaranteed loans:							
Electric.....	(1,200,000,000)	(300,000,000)	(850,000,000)	(850,000,000)	(-350,000,000)	(+550,000,000)	-----
Telephone.....	(125,000,000)	-----	(125,000,000)	(125,000,000)	-----	(+125,000,000)	-----
Total, Guaranteed loans.....	(1,325,000,000)	(300,000,000)	(975,000,000)	(975,000,000)	(-350,000,000)	(+675,000,000)	-----
Reimbursement for interest and other losses:							
Rural telephone bank.....	(215,964,000)	-----	(225,395,000)	-----	(-215,964,000)	-----	(-225,395,000)
Direct loans (limitation on obligations).....	(30,000,000)	-----	(30,000,000)	(30,000,000)	-----	(+30,000,000)	-----
Rural communication development fund.....	(185,000,000)	(185,000,000)	(185,000,000)	(185,000,000)	-----	-----	-----
Salaries and expenses.....	841,000	1,203,000	1,203,000	1,203,000	+362,000	-----	-----
	30,644,000	29,668,000	30,990,000	30,990,000	+326,000	+1,322,000	-----
Total, Rural Electrification Administration.....	31,505,000	30,871,000	32,193,000	32,193,000	+688,000	+1,322,000	-----
Total, Rural Development Assistance:							
Definite appropriations.....	4,077,022,000	4,524,744,000	4,024,567,000	4,802,087,000	+725,065,000	+277,343,000	+777,520,000
(By transfer).....	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	-----	-----	-----
(Loan authorization).....	(7,129,700,000)	(3,530,000,000)	(8,139,000,000)	(7,910,313,000)	(+780,613,000)	(+4,380,313,000)	(-228,687,000)
(Loan authorization, indefinite).....	(870,000,000)	(800,000,000)	(800,000,000)	(800,000,000)	(-70,000,000)	-----	-----
(Limitation on obligations).....	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	-----	-----	-----
Conservation							
Office of the Assistant Secretary for Natural Resources and Environment.....	-----	-----	1,386,000	-----	-----	-----	-386,000

Soil Conservation Service:									
Conservation operations.....	344,560,000	364,718,000	365,629,000	365,400,000	4840,000	482,000	-229,000		
River basin surveys and investigations.....	14,906,000	11,790,000	14,906,000	14,906,000	---	43,116,000	---		
Watershed planning.....	8,922,000	7,019,000	8,922,000	8,922,000	---	41,903,000	---		
Watershed and flood prevention operations.....	183,843,000	63,982,000	183,843,000	183,843,000	---	4119,861,000	---		
Resource conservation and development.....	26,320,000	10,160,000	26,320,000	26,320,000	---	416,160,000	---		
Great Plains conservation program.....	21,531,000	7,529,000	21,531,000	21,531,000	---	414,002,000	---		
Total, Soil Conservation Service.....	620,882,000	465,198,000	621,151,000	620,922,000	4840,000	4155,724,000	-229,000		
Agricultural Stabilization and Conservation Service:									
Agricultural conservation program.....	190,000,000	---	190,000,000	165,000,000	-25,000,000	4165,000,000	-25,000,000		
Forestry incentives program.....	12,500,000	---	12,500,000	12,500,000	---	412,500,000	---		
Water bank program.....	8,800,000	---	---	8,800,000	---	48,800,000	48,800,000		
Emergency conservation program.....	---	---	5,000,000	---	---	---	-5,000,000		
Total, Agricultural Stabilization and Conservation Service.....	211,300,000	---	207,500,000	186,300,000	-25,000,000	4186,300,000	-21,200,000		
Total, Conservation:									
Definite appropriations.....	831,382,000	465,198,000	829,037,000	807,222,000	-24,160,000	4342,024,000	-21,815,000		
Total, title II, Rural Development Programs:									
Definite appropriations.....	4,908,404,000	4,989,942,000	4,853,604,000	5,609,309,000	4700,905,000	4619,367,000	4755,705,000		
(No transfer).....	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	---	---	---		
(Loan authorization).....	(7,129,700,000)	(3,530,000,000)	(8,139,000,000)	(7,910,313,000)	(4780,613,000)	(14,380,313,000)	(-228,687,000)		
(Loan authorization, indefinite).....	(870,000,000)	(800,000,000)	(800,000,000)	(800,000,000)	(-70,000,000)	---	---		
Total, new budget (obligational) authority:	4,908,404,000	4,989,942,000	4,853,604,000	5,609,309,000	4700,905,000	4619,367,000	4755,705,000		
Office of the Assistant Secretary for Food and Consumer Services:									
Food and Nutrition Service:	---	---	1,350,000	---	---	---	-350,000		
Child nutrition program.....	1,474,861,000	177,533,000	177,533,000	177,533,000	-1,297,328,000	---	---		

TITLE III - DOMESTIC FOOD PROGRAMS

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986—Continued**

[Amounts in dollars]

Item (1)	1985 Appropriation (2)	Budget estimate (3)	House allowance (4)	Senate committee recommendation compared with (+ or -)			
				Committee recom- mendation (5)	1985 Appropriation (6)	Budget estimate (7)	House allowance (8)
Amount available subject to budget request.... (Transfer from sec. 32).....	---	---	(665,015,000) (3,271,592,000)	(665,015,000) (3,271,592,000)	(1665,015,000) (1941,773,000)	(1665,015,000) (120,945,000)	---
Total, Child nutrition programs.....	(3,804,680,000)	(3,428,180,000)	(4,114,140,000)	(4,114,140,000)	(1309,460,000)	(1685,960,000)	---
Special milk program.....	17,600,000	11,500,000	11,500,000	11,500,000	-6,100,000	---	---
Feeding program for Women, Infants and Children (WIC).....	1,500,000,000	1,479,800,000	1,570,000,000	1,570,000,000	170,000,000	190,200,000	---
Commodity supplemental food program.....	24,918,000	34,049,000	36,999,000	36,999,000	112,081,000	12,950,000	---
Food stamp program.....	11,768,856,000	11,871,250,000	11,891,570,000	11,891,570,000	1122,714,000	120,320,000	---
Nutrition assistance for Puerto Rico.....	825,000,000	825,000,000	825,000,000	825,000,000	---	---	---
Food donations programs:							
Needy family program.....	23,546,000	53,807,000	61,722,000	56,773,000	133,227,000	12,966,000	-4,949,000
Elderly feeding program.....	116,000,000	120,800,000	125,900,000	137,800,000	121,800,000	17,000,000	11,900,000
Total, Food donations programs.....	139,546,000	174,607,000	187,622,000	194,573,000	155,027,000	19,966,000	16,951,000
Temporary emergency food assistance program.....	57,000,000	---	50,000,000	50,000,000	-7,000,000	150,000,000	---
Food program administration.....	84,187,000	81,523,000	82,502,000	82,502,000	-1,685,000	1979,000	---
Total, Food and Nutrition Service.....	15,891,968,000	14,655,262,000	14,832,726,000	14,839,677,000	-1,052,291,000	1184,415,000	16,951,000

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1985 AND
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1986—Continued**

[Amounts in dollars]

Item (1)	1985 Appropriation (2)	Budget estimate (3)	House allowance (4)	Senate committee recommendation compared with (+ or -)			
				Committee recom- mendation (5)	1985 Appropriation (6)	Budget estimate (7)	House allowance (8)
TITLE V - RELATED AGENCIES							
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Food and Drug Administration:							
Salaries and expenses.....	387,157,000	393,657,000	392,370,000	394,044,000	46,887,000	4387,000	41,674,000
Buildings and facilities.....	1,450,000	1,450,000	1,450,000	1,450,000	---	---	---
Standard Level User Charges (FDA).....	26,072,000	25,888,000	25,888,000	25,888,000	-184,000	---	---
Collections from user fees (limitation on obligations).....	---	(5,000,000)	---	(5,000,000)	(45,000,000)	---	(45,000,000)
Total, Food and Drug Administration.....	414,679,000	420,995,000	419,708,000	421,382,000	46,703,000	4387,000	41,674,000
INDEPENDENT AGENCIES							
Commodity Futures Trading Commission.....	27,564,000	27,981,000	28,416,000	30,307,000	42,743,000	42,326,000	41,891,000
Farm Credit Administration (limitation on administrative expenses).....	(22,092,000)	(21,175,000)	(21,175,000)	(21,175,000)	(-917,000)	---	---
Total, title V, Related Agencies:							
Definite appropriations.....	442,243,000	448,976,000	448,124,000	451,689,000	49,446,000	42,713,000	43,585,000
(Limitation on obligations).....	(22,092,000)	(26,175,000)	(21,175,000)	(26,175,000)	(44,083,000)	---	(45,000,000)
Total, new budget (obligational) authority, Related Agencies.....							
	442,243,000	448,976,000	448,124,000	451,689,000	49,446,000	42,713,000	43,585,000

RECAPITULATION

Title I - Agricultural programs.....	14,953,767,000	11,731,042,000	11,578,071,000	2,533,418,000	-12,420,349,000	-9,197,624,000	-9,044,653,000
Title II - Rural development programs.....	4,908,404,000	4,989,942,000	4,853,604,000	5,609,309,000	4,700,905,000	4,619,367,000	4,755,705,000
Title III - Domestic food programs.....	15,899,501,000	14,668,824,000	14,846,638,000	14,853,239,000	-1,046,262,000	4,184,415,000	4,601,000
Title IV - International programs.....	2,057,660,000	1,394,433,000	1,394,464,000	1,400,964,000	-656,696,000	4,653,100	4,650,000
Title V - Related agencies.....	442,243,000	448,976,000	448,124,000	451,689,000	49,446,000	42,713,000	43,565,000
Total, new budget (obligational) authority.....	38,261,575,000	33,233,217,000	33,120,901,000	24,848,619,000	-13,412,956,000	-8,384,598,000	-8,272,282,000
Transfer from sec. 32 (Customs Receipts).....	2,335,944,000	3,256,840,000	3,277,785,000	3,277,785,000	494,821,000	420,945,000	---
Total obligational authority.....	40,597,519,000	36,490,057,000	36,398,686,000	28,126,404,000	-12,471,135,000	-8,363,653,000	-8,272,282,000
Memoranda:							
Direct and insured loan level.....	8,473,000,000	2,040,000,000	8,053,000,000	7,548,200,000	-924,800,000	45,508,200,000	-504,800,000
Guaranteed loan level.....	2,031,000,000	3,300,000,000	2,761,000,000	3,103,000,000	41,072,000,000	-197,000,000	4342,000,000
Transfers from Commodity Credit Corporation.	344,199,000	343,199,000	395,119,000	406,524,000	462,325,000	463,325,000	411,405,000

1/ The House established separate accounts for each of the Under and Assistant Secretaries, and the Senate consolidates these into the Office of the Secretaries.